



Our Company was incorporated at Himmatnagar as 'Ricasil Ceramic Industries Private Limited' on January 2, 2008 as a private and joint stock company under Part IX of the Companies Act, 1956, with the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli pursuant to conversion of M/s. Ricasil Ceramic Industries, a partnership firm. The partnership firm was originally formed by a partnership deed dated May 14, 2007 read with supplementary partnership deeds dated December 7, 2007 and December 20, 2007, respectively. This firm was thereafter converted into a private company pursuant to a certificate of incorporation dated January 2, 2008 in the name of "Ricasil Ceramic Industries Private Limited". Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on February 12, 2018, the name of our Company was changed to Exxaro Tiles Private Limited. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by Shareholders of our Company at the Extraordinary General Meeting held on December 9, 2020. The name of our Company was changed to its present name 'Exxaro Tiles Limited', pursuant to a fresh Certificate of Incorporation issued by the Registrar of Companies, Ahmedabad on December 28, 2020. For details of changes in the Registered Office, see "History and Certain Corporate Matters - Changes in the Registered Office on page 137.

**Registered Office:** Survey No. 169 & 170, Vavdi Hansol Road, At & Po.: Mahelav, Taluka: Talod, District.: Sabarkantha - 383 305, Gujarat, India; **Tel:** +02772-350555

**Contact Person:** Paras Shah, Company Secretary and Compliance Officer; **Tel:** +02772-350555; **E-mail:** [cs@exxarotiles.com](mailto:cs@exxarotiles.com)

**Website:** [www.exxarotiles.com](http://www.exxarotiles.com) ; **Corporate Identity Number:** U26914GJ2008PLC052518

OUR PROMOTERS: MR. MUKESHKUMAR PATEL; MR. KIRANKUMAR PATEL; MR. DINESHBHAI PATEL; AND MR. RAMESHBHAI PATEL	
<p>INITIAL PUBLIC OFFERING OF UPTO 13,424,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ( "EQUITY SHARES" ) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●]* PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ( "OFFER PRICE" ) AGGREGATING UP TO ₹ [●] MILLION, COMPRISING A FRESH ISSUE OF UPTO 111,86,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY OUR COMPANY ( "FRESH ISSUE" ) AND AN OFFER FOR SALE OF UP TO 2,238,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY MR. DIXITKUMAR PATEL ( "SELLING SHAREHOLDER" ) ( "OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, "OFFER" ). THE OFFER WILL CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THIS OFFER INCLUDES A RESERVATION OF UP TO 268,500 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING UP TO [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY) FOR PURCHASE BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE AT LEAST [●] % AND [●] %, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, MAY OFFER A DISCOUNT OF UP TO ₹ [●] OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").</p> <p>THE FACE VALUE OF EACH EQUITY SHARE IS ₹ 10. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND, THE RUPEE AMOUNT OF DISCOUNT, IF ANY, TO THE ELIGIBLE EMPLOYEES BIDDING TO THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT") AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN ENGLISH EDITIONS OF BUSINESS STANDARD, HINDI EDITIONS OF BUSINESS STANDARD AND GUJARATI EDITIONS OF GUJARAT TODAY (WHICH ARE WIDELY CIRCULATED ENGLISH DAILY NEWSPAPERS, HINDI DAILY NEWSPAPERS AND GUJARATI DAILY NEWSPAPERS RESPECTIVELY, GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE OUR REGISTERED OFFICE IS LOCATED) EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ( "BSE" ) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ( "NSE" ), TOGETHER WITH BSE, "STOCK EXCHANGES" ) FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.</p> <p><i>* Our Company and the Selling Shareholder in consultation with the BRLM, may offer a discount of up to 10% of the Offer Price to Eligible Employees bidding in the Employee Reservation Portion.</i></p> <p>In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In case of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholder, in consultation of BRLM, may, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the 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 respective websites of the BRLM and at the terminals of the Syndicate Members and by intimation to Designated Intermediaries and the Sponsor Bank.</p> <p>The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 25 % of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 40% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" beginning on page 219.</p>	
RISKS IN RELATION TO THE FIRST OFFER	
<p>This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Offer Price as determined and justified by our Company and the Selling Shareholder, in consultation with the BRLM, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" beginning on page 94 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.</p>	
GENERAL RISK	
<p>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 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 "Risk Factors" beginning on page 22.</p>	
ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY	
<p>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. The Selling Shareholder accepts responsibility for and confirms only the statements made or confirmed by such Selling Shareholder in this Red Herring Prospectus to the extent of information specifically pertaining to himself and his portion of the Equity Shares offered in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Selling Shareholder assumes no responsibility for any other statements, including, <i>inter alia</i>, any of the statements made by or relating to our Company or its business or by any other person in this Red Herring Prospectus.</p>	
LISTING	
<p>The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated April 1, 2021 and May 3, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for filing to the RoC in accordance with section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" beginning on page 309.</p>	
BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
<p><b>Pantomath Capital Advisors Private Limited</b> 406-408, Keshava Premises Bandra Kurla Complex, Bandra East Mumbai – 400 051 <b>Tel:</b> +91 22 6194 6700 <b>Fax:</b> +91 22 2659 8690 <b>Email:</b> <a href="mailto:ipo@pantomathgroup.com">ipo@pantomathgroup.com</a> <b>Investor Grievance Email:</b> <a href="mailto:ipo@pantomathgroup.com">ipo@pantomathgroup.com</a> <b>Website:</b> <a href="http://www.pantomathgroup.com">www.pantomathgroup.com</a> <b>Contact Person:</b> Ms. Kruthika Shetty <b>SEBI Registration No:</b> INM000012110</p>	<p><b>Link Intime India Private Limited</b> C-101, 1<sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg Vikhroli (West) Mumbai, Maharashtra 400 083 <b>Tel:</b> +91 22 4918 6200 <b>Fax:</b> +91 22 4918 6195 <b>Email:</b> <a href="mailto:exxaro.ipo@linkintime.co.in">exxaro.ipo@linkintime.co.in</a> <b>Investor Grievance Email:</b> <a href="mailto:exxaro.ipo@linkintime.co.in">exxaro.ipo@linkintime.co.in</a> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>Contact Person:</b> Shanti Gopalkrishnan <b>SEBI Registration No.:</b> INR000004058</p>
BID/OFFER PROGRAMME	
<b>BID/OFFER OPENS ON</b>	August 4, 2021*
<b>BID/OFFER CLOSES ON</b>	August 6, 2021**

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

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

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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 our Articles of Association, Memorandum of Association, 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 ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits”, “Restated Financial Statements”, “Main Provisions of Articles of Association”, “Outstanding Litigations and Material Developments” and “Key Industry Regulations and Policies”, “Industry Overview”, “Basis for Offer Price” and “Our Business” beginning on pages 98, 160, 240, 192, 131, 101, 94 and 119 respectively, shall have the meaning ascribed to such terms in these respective sections.*

### General Terms

Term	Description
“our Company” or “the Company” or “the Issuer”	Exxaro Tiles Limited (formerly known as Exxaro Tiles Private Limited), a company incorporated under the Companies Act, 1956, and having its registered office at Survey No. 169 & 170, Vavdi Harsol Road, At & Po.: Mahelav, Taluka: Talod, District.: Sabarkantha - 383 305, Gujarat, India.
“we” or “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company.

### Company Related Terms

Term	Description
“Articles of Association” or “AoA”	Articles of association of our Company, as amended.
Audit Committee	The audit committee of our Board, as described in “ <i>Our Management</i> ” beginning on page 141.
“Auditors” or “Statutory Auditors”	Statutory auditors of our Company, namely, M/s. H.B. Kalaria & Associates, Chartered Accountants
Board/Board of Directors/ our Board	The Board of Directors of our Company unless otherwise specified or any committee constituted thereof.
Brickworks Report	Report on “Ceramic Tiles Industry” dated January 11, 2021, as amended prepared and issued by Brickworks Analytics Private Limited
CFO	Chief Financial Officer of our Company being Mr. Himanshu Shah.
Chairman	The Chairman of Board of Directors, Mr. Mukeshkumar Patel.
Company Secretary and Compliance Officer	Company Secretary and Compliance Officer of our Company, Mr. Paras Shah.
Director(s)	Director(s) on the Board.
Equity Shares	Equity shares of our Company of face value of ₹10 each.
Group Company(ies)	Companies as identified in “ <i>Our Group Companies</i> ” beginning on page 158.
Independent Directors	Independent Directors on our Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see “ <i>Our Management</i> ” beginning on page 141.
IPO Committee	The IPO committee constituted by our Board on February 1, 2021.
ISIN	International Securities Identification Number. In this case being: INE0GFE01018.
Key Managerial Personnel (KMP)	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in “ <i>Our Management</i> ”

	beginning on page 141.
Materiality Policy	The policy adopted by our Board on February 1, 2021 for identification of Group Companies, material outstanding litigations and material dues outstanding to creditors in respect of our Company, pursuant to the disclosure requirements under the SEBI ICDR Regulations.
MD or Managing Director	The managing director of our Company, Mr. Mukeshkumar Patel.
MOA/ Memorandum/ “Memorandum of Association” or “MoA”	The Memorandum of Association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in “ <i>Our Management</i> ” beginning on page 141.
Preference Shares	Preference shares of our Company of face value of ₹ 10 each.
Person or Persons	Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership Firm, Joint Venture, or Trust or any other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Promoter(s)	Unless the context otherwise requires, refers to Mr. Mukeshkumar Patel, Mr. Kirankumar Patel, Mr. Dineshbhai Patel and Mr. Rameshbhai Patel.
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoters and Promoter Group</i> ” beginning on page 154.
“Registered Office”	The registered office of our Company located at Survey No. 169 & 170, Vavdi Harsol Road, At & Po.: Mahelav, Taluka: Talod, District.: Sabarkantha - 383 305, Gujarat.
“Registrar of Companies” or “RoC”	Registrar of Companies, Ahmedabad, Gujarat.
Restated Financial Statements	Our Restated summary statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 , together with the summary of significant accounting policies and explanatory information thereon, prepared under Ind AS as per the Ind AS Rules notified under Section 133 of the Companies Act 2013, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI, and included in “ <i>Restated Financial Statements</i> ” on page 160
Selling Shareholder	Mr. Dixitkumar Patel
Shareholders	Equity shareholders of our Company, from time to time.
Stakeholders’ Committee Relationship	The stakeholders’ relationship committee of our Board, as described in “ <i>Our Management</i> ” beginning on page 141.
Unit I	Block No.204, 205, 202, 209 Opp. Hanuman Temple, Near Mahuvad Turning, At & Po. Dabhasa, Tal. Padra, Dist.Vadodara-391440.
Unit II	Block No.169, 170, Survey No.169 & 170 and Block No.54, Mouje Gambhirpura, Vavdi Harsol Road, At. Mahelav, Tal. Talod. Dist. Sabarkantha-383305.

#### Offer Related Terms

Term	Description
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” or “Allotment” or “Allotted”	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the

	Selling Shareholder pursuant to the Offer for Sale to 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 QIB, who applies under the Anchor Investor Portion with a minimum Bid of ₹100 million in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Escrow Account / Escrow Account(s)	Account opened with Anchor Escrow Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS in respect of the Bid Amount when submitting a Bid.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which will be decided by our Company and the Selling Shareholder, in consultation with the BRLM during the Anchor Investor Bid/Offer Period.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and 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, prior to and after which BRLM will not accept any bids from Anchor Investors, and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	Final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the 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 Selling Shareholder, in consultation with the BRLM.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholder in consultation with the BRLM, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations.  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, which price shall be decided by our Company and the Selling Shareholder in consultation with the BRLM.
“Application Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid by authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIIs using UPI, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIIs.
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor) and includes a bank account maintained by a RII linked to a UPI ID, which will be blocked in relation to a Bid by a RII Bidding through the UPI Mechanism.
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 the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and Sponsor Bank.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” beginning on page 219.
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 ICDR Regulations. The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer. However, Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-off Price and the Bid amount shall be Cap Price net of Employee Discount, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus, including ASBA Form
Bid Lot	[●] Equity Shares.
Bid/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids for the Offer, being August 6, 2021, which shall be published in English editions of Business Standard (a widely circulated English national daily newspaper), Hindi editions of Business Standard (a widely circulated Hindi national daily newspaper) and Gujarati editions of Gujarat Today (a widely circulated Gujarati daily newspaper, Gujarati being the regional language of Gujarat, where our Registered Office is located) and in case of any revisions, the extended Bid / Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also be notified on the websites of the BRLM and at the terminals of the Syndicate Members, as required under the SEBI ICDR Regulations. Our Company and the Selling Shareholder in consultation with the BRLM, may decide to close the Bid / Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date, subject to the SEBI ICDR Regulations.
Bid/Offer Opening Date	Except in relation to Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, being August 4, 2021, which shall be published in English editions of Business Standard (a widely circulated English national daily newspaper), Hindi editions of Business Standard (a widely circulated Hindi national daily newspaper) and Gujarati editions of Gujarat Today (a widely circulated Gujarati daily newspaper, Gujarati being the regional language of Gujarat, where our Registered Office is located).
Bid/Offer Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid / Offer Opening Date and the Bid / Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus.
Bidder / Investor	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, and includes an Anchor Investor.
Bidding Centers	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.

“Book Running Lead Manager” or “BRLM”	The book running lead manager to the Offer namely, Pantomath Capital Advisors Private Limited.
Broker Centres	Broker centres of the Registered Brokers, where Bidders (other than Anchor Investors) can submit the ASBA Forms. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> .
“CAN” or “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 and Sponsor Bank Agreement	Agreement dated July 27, 2021 entered into by our Company, the Selling Shareholder, the Registrar to the Offer, the BRLM, the Syndicate Member, and the Bankers to the Offer for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer 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 and registered under Section 12 (1A) of the SEBI Act 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.
Collecting Registrar and Share Transfer Agents or CRTAs/RTAs	Registrar to an issue 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.
Cut-off Price	The Offer Price, finalised by our Company and the Selling Shareholder, in consultation with the BRLM, which shall be any price within the Price Band. Only Retail Individual Investors and Eligible Employees under the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors 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 and UPI ID, wherever applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms and in case of RIIs only ASBA Forms with UPI. 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 websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated Date	The date on which the funds from the Anchor Escrow Accounts are transferred to the Public Offer Account or the Refund Account(s), as appropriate, and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account or Refund Account and / or are unblocked, as applicable, in terms of the Red Herring Prospectus, after finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer.
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.  In relation to ASBA Forms submitted by RIIs where the Bid Amount will

	<p>be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.</p> <p>In relation to ASBA Forms submitted by QIBs NIIs, Eligible Employees, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.</p>
Designated RTA Locations	<p>Such locations of the CRTAs/RTAs where Bidders can submit the Bid cum Application Forms.</p> <p>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 of the Stock Exchanges (www.bseindia.com and www.nseindia.com)</p>
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE
DP ID	DP ID Depository Participant's identity number.
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated March 15, 2021, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible Employee(s)	<p>Permanent employees of our Company (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC and who continue to be a permanent employee of our Company until the submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form; or Director of our Company, whether a whole-time Director or otherwise, not holding either himself / herself or through their relatives or through any body corporate, directly or indirectly, more than 10% of the outstanding Equity Shares (excluding our Promoter and members of Promoter Group and other Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company until submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000.</p> <p>However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.</p>
Eligible FPIs	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices.
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form or Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares.
Employee Discount	Our Company and the Selling Shareholder in consultation with the



	BRLM, may offer a discount of up to 10% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date.
Employee Reservation Portion	The portion of the Offer being up to 268,500 Equity Shares which shall not exceed 5% of the post Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis.
Escrow Account(s)	Account opened with the Escrow Collection Bank 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(s) / Anchor Escrow Bank	Banks which are clearing members and registered with SEBI as bankers to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Accounts will be opened, in this case being Axis Bank Limited.
First/ Sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares.
Fresh Issue	The fresh issue of up to 11,186,000 Equity Shares aggregating up to ₹ [●] million to be issued by our Company as part of the Offer, in terms of the Red Herring Prospectus and the Prospectus.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR / CFD / DIL / 12 / 2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR / CFD / POLICYCELL / 11 / 2015) dated November 10, 2015 and (SEBI / HO / CFD / DIL / CIR / P / 2016 / 26) dated January 21, 2016, (SEBI / HO / CFD / DIL2 / CIR / P / 2018 / 22) dated February 15, 2018, circular no. (SEBI / HO / CFD / DIL2 / CIR / P / 2019 / 50) dated April 3, 2019, the circular (SEBI / HO / CFD / DIL2 / CIR / P / 2019 / 76) dated June 28, 2019, circular no. SEBI / HO / CFD / DIL2 / CIR / P / 2019 / 85 dated July 26, 2019 and circular no. SEBI / HO / MIRSD / CRADT / CIR / P / 2019 / 121 dated November 8, 2019, circular no. SEBI / HO / CFD / DIL1 / CIR / P / 2020 / 37 dated March 17, 2020 notified by SEBI and included in “Offer Procedure” on page 219.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
Monitoring Agency	Axis Bank Limited
Monitoring Agency Agreement	Monitoring Agency Agreement dated July 26, 2021 entered between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion.
Net Proceeds	Proceeds of the Fresh Issue less our Company’s share of the Offer related expenses. For further information about use of the Offer Proceeds and the Offer related expenses, see “Objects of the Offer” beginning on page 85
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Category	The portion of the Net Offer, being not less than 35% of the Net Offer or

	[●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price.
Non-Institutional Investors / NIIs	All Bidders, including FPIs other than individuals, corporate bodies and family offices, registered with the SEBI that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.
Offer	The public issue of upto 13,424,000 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.  The Offer comprises the Net Offer and Employee Reservation Portion.
Offer Agreement	The agreement dated March 12, 2021 amongst our Company, the Selling Shareholder and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	Offer for sale of up to 2,238,000 Equity Shares by the Selling Shareholder aggregating up to ₹ [●] million.
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Selling Shareholder, in consultation with the BRLM in terms of the Red Herring Prospectus on the Pricing Date.  A discount of up to 10% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company and the Selling Shareholder in consultation with the BRLM
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholder. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” beginning on page85.
Offered Shares	Shall mean the Equity Shares offered by the Selling Shareholder in the Offer by way of Offer for Sale.
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLM, and advertised in English editions of Business Standard, (a widely circulated English national daily newspaper), Hindi editions of Business Standard (a widely circulated Hindi national daily newspaper), and Gujarat editions of Gujarat Today (a widely circulated Gujarati daily newspaper, Gujarati being the regional language of Gujarat, where our Registered Office is located) at least two Working Days prior to the Bid / Offer Opening Date.
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLM, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with section 26 and 32 of the Companies Act, 2013, and the SEBI ICDR 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	Bank account to be opened with the Public Offer Account Bank under section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
Public Offer Account Bank	The bank with which the Public offer Account is opened for collection of Bid Amounts from Escrow Account and ASBA Account on the

	Designated Date, in this case being Axis Bank Limited.
“QIB Category” or “QIB Portion”	The portion of the Net Offer, being 25% of the Net Offer or [●] Equity Shares to be allocated to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and Selling Shareholder in consultation with the BRLM), subject to valid Bids being received at or above the Offer Price.
“Qualified Institutional Buyers” or “QIBs” or “QIB Bidders”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
“Red Herring Prospectus” or “RHP”	This Red Herring Prospectus dated July 28, 2021 issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares shall be Allotted and which will be filed with the RoC at least three Working Days before the Bid / Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto.
Refund Account	The 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	The Banker to the Offer with whom the Refund Account will be opened, in this case being Axis Bank Limited.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLM and the Syndicate Members and eligible to procure Bids in terms of circular number CIR / CFD / 14 / 2012 dated October 14, 2012, issued by SEBI.
Registrar Agreement	The agreement dated February 6, 2021 among our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
“Registrar to the Offer” or “Registrar”	Link Intime India Private Limited.
Retail Category	The portion of the Net Offer, being not less than 40% of the Net Offer or [●] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category.
Retail Individual Investors / RIIs	Bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is 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).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB category and Non-Institutional Investors bidding in the Non-Institutional category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during Bid / Offer period and withdraw their Bids until Bid / Offer Closing Date.
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	(i) the banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> ) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.  (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited.

Share Escrow Agreement	Agreement dated July 13, 2021 entered into among the Selling Shareholder, our Company and a share escrow agent in connection with the transfer of the respective portion of the Offered Shares by the Selling Shareholder in the Offer for Sale portion of the Offer and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form.
Sponsor Bank	A Banker to the Offer which is registered with SEBI and is eligible to act as a Sponsor Bank in a public issue in terms of applicable SEBI requirements and has been appointed by the Company and the Selling Shareholder, in consultation with the BRLM to act as a conduit between the Stock Exchanges and NPCI to push the UPI Mandate Request in respect of RIIs as per the UPI Mechanism, in this case being Axis Bank Limited.
Stock Exchanges	BSE and NSE.
Syndicate Agreement	Agreement dated July 27, 2021 entered into among our Company, the Selling Shareholder, the BRLM, the Registrar to the Offer and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being Pentagon Stock Brokers Private Limited (formerly Pantomath Stock Brokers Private Limited). For details see “General Information” on 55 .
Syndicate or members of the Syndicate	Together, the BRLM and the Syndicate Members.
“Systemically Important Non-Banking Financial Company” or “NBFC-SI”	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Underwriters	[●]
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date, but prior to the filing of the Prospectus with the RoC.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI.
UPI Circulars	Circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as amended by its Circular number SEBI/HO/CED/DIL/CIR/2016/26 dated January 21, 2016 and Circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 issued by SEBI as amended or modified by SEBI from time to time, including Circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, Circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, Circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, Circular number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the Retail Individual Investors, by way of a notification on the UPI application and by way of a SMS directing the Retail Individual Investors to such UPI application) to the Retail Individual Investors initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment.

UPI Mechanism	The Bidding mechanism that is used by Retail Individual Investors to make Bids in the Offer in accordance with SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular number SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time.
UPI PIN	Password to authenticate UPI transaction.
Working Day	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges excluding Sundays and bank holidays in India in accordance with circulars issued by SEBI.

#### Technical / Industry Related Terms

Term	Description
AAI	Airports Authority of India
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ASEAN	Association of Southeast Asian Nations
BWA	Brickworks Analytics
CMIE	Centre for Monitoring Indian Economy
CPI	Consumer Price Index
CPWD	Central Public Works Department
CSO	Central Statistics Office
CY	Calendar year
DCVT	Double Charged Vitrified Tiles
DEA	Department of Economic Affairs
EAC	Euro Asia Consulting
EIL	Engineers India Limited
EU	European Union
FY	Financial Year
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GVA	Gross Value Added
GVT	Glazed Vitrified Tiles
ICCTS	Indian Council of Ceramic Tiles and Sanitaryware
IPF	Infrastructure Project Facility
WPI	Wholesale Price Index
MGNREGA	The Mahatma Gandhi National Rural Employment Guarantee Act 2005
MOSPI	Ministry of Statistics and Programme Implementation
NBFC	Non-Banking Financial Company
NIP	National Infrastructure Pipeline
RERA	Real Estate (Regulation and Development) Act, 2016
WPI	Wholesale Price Index

y-o-y	Year on year
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### Conventional and General Terms / Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
AGM	Annual general meeting
AIF(s)	Alternative Investment Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981.
Bn/bn	Billion.
BSE	BSE Limited.
CAGR	Compound Annual Growth Rate, which is computed by dividing the value of an investment at the year-end by its value at the beginning of that period, raise the result to the power of one divided by the period length, and subtract one from the subsequent result: $((\text{End Value}/\text{Start Value})^{(1/\text{Periods})} - 1)$ .
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number.
Companies Act, 2013/ Companies Act	Companies Act 2013, as amended read with rules, regulations, clarifications and modifications thereunder
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020.
Consolidated FDI Policy	The extant consolidated FDI Policy, effective from August 28, 2017, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time.
COPRA	Consumer Protection Act, 1986.
Copyright Act	Copyright Act, 1957.
CY	Calendar year.
DDT	Dividend Distribution Tax.
Depositories Act	The Depositories Act, 1996.
Depository	A depository registered with the SEM under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Designs Act	The Designs Act, 2000.
DIN	Director Identification Number.
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry ( <i>formerly Department of Industrial Policy and Promotion</i> ), GoI.
DP ID	Depository Participant's identity number.
EBITDA	Earnings before interest, taxes, depreciation and amortisation excluding other income.
EGM	Extra-ordinary general meeting.
Electricity Act	Electricity Act, 2003.
EP Act	Environment Protection Act, 1986.
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
EPS	Earnings per share.
Essential Commodities Act	Essential Commodities Act, 1955.
ESI Act	Employees' State Insurance Act, 1948.
Euro/EUR	Euro, the official single currency of the participating member states of the European Economic and Monetary Union of the Treaty establishing the European Community.
Factories Act	The Factories Act, 1948.

FDI	Foreign direct investment.
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
Financial Year/Fiscal/fiscal year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.
GDP	Gross Domestic Product
“GoI” or “Government”	Government of India
GST	Goods and services tax
HR	Human Resource
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India, New Delhi
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies Act 2013 and Companies (Indian Accounting Standard) Rules, 2015, as amended
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	In Rupee, the official currency of the Republic of India
Ind AS 24	Indian Accounting Standard 24 issued by the ICAI
Legal Metrology Act	Legal Metrology Act, 2009
MCA	The Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
Minimum Wages Act	The Minimum Wages Act, 1948
Mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
“N.A.” or “NA”	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	Negotiable Instruments Act, 1881
NPCI	National Payments Corporation of India
NRI/Non-resident Indian	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an “Overseas Citizen of India” cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRE accounts	NRI Non-Resident External account
NRI	Non-Resident Indian
NRO accounts	Non-Resident Ordinary accounts
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
ODI	Overseas Direct Investment

P/E Ratio/ PIE	Price/Earnings Ratio
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PCB(s)	Pollution Control Board(s)
Provident Fund	Provident fund for employees managed by the Employee's Provident Fund Organisation in India.
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoC or Registrar of Companies	The Registrar of Companies, Ahmedabad, Gujarat
RoNW	Return on Net Worth
R&D	Research & Development
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SEBI	The Securities and Exchange Board of India established under section 3 of the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 2015
SEM Listing Regulations	SEM (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI 2016 Circular	Circular dated October 10, 2016 bearing no. SEBI/HO/MRD/DSA/CIR/P/2016/110, issued by the SEBI
SEBI 2017 Circular	Circular dated August 1, 2017 bearing no. SEBI/HO/MRD/DSA/CIR/P/2017/92, issued by the SEBI
STT	Securities Transaction Tax
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
Trademarks Act	The Trademarks Act, 1999
U.S Securities Act	United States Securities Act of 1933, as amended
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations



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

### **Certain Conventions**

All references to “India” contained in this Red Herring Prospectus are to the Republic of India. All references in this Red Herring Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America. All references in this Red Herring Prospectus to “China” are to the People’s Republic of China.

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 the context requires otherwise, the financial information in this Red Herring Prospectus is derived from our restated summary statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the restated statements of profit and loss (including other comprehensive income), cash flow statement and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 of the Company together with the summary statement of significant accounting policies, and other explanatory information thereon, derived from audited financial statements as at and for the year ended March 31, 2021 prepared in accordance with the recognition and measurement principles of Ind AS 34 and audited financial statements as at and for the years ended March 31, 2020 and March 31, 2019 prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note. For further information, see “*Restated Financial Statements*” beginning on page 160.

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 in this Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year are to the 12 months ended March 31 of such year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Red Herring Prospectus are to a calendar year.

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their 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 Company’s financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS see “*Risk Factor – Significant differences exist between Indian GAAP and IND AS, on one hand, and other accounting principles, such as U.S. GAAP and IFRS, on the other hand, which may be material to investors’ assessments of our financial condition*” on page 46. 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, 2013 and the SEBI ICDR 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. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 22, 119 and 164, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Financial Statements.

Certain Non-GAAP Measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Direct Costs, PAT Margin, CAGR and others, have been included in this Red Herring Prospectus. We compute and disclose such Non-GAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

## 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\$” or “\$” 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.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

## Exchange Rates

This Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between Rupee and US\$

(in Rupees per US\$)

Currency	As on March 31, 2021	As on March 31, 2020	As on March 29, 2019*
1 US\$	73.50	75.38	69.17

(Source: FBIL Reference Rate)

\*Exchange rate as on March 29, 2019, as FBIL Reference Rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.

## 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 “Ceramic Tiles Industry” dated January 11, 2021, as amended prepared by Brickworks Analytics Private Limited (“**Brickworks Report**”).

The Brickworks 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 Shareholder or the BRLM 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. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the Brickworks Report, see “*Risk Factors - We have commissioned the Brickworks Report, which has been used for industry related data in this Red Herring Prospectus and such data has not been independently verified by us or the BRLM*” on page 29

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 ICDR Regulations, “*Basis for Offer Price*” on page 94 includes information relating to our listed peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs or any of their affiliates have independently verified such information. Accordingly, no investment decision should be made solely on the basis of 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 and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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

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

- Volatility in the supply and pricing of our raw materials and stores & spares may have an adverse effect on our business, financial condition and results of operations.
- An inability to expand or manage our distribution network for business or the loss of any significant dealer may adversely affect our business and results of operations.
- Our inability to meet our working capital requirements may have an adverse effect on our results of operations.
- The shortage or non-availability of power, fuel and water facilities may adversely affect our vitrified tiles manufacturing process and have an adverse impact on our results of operations and financial condition. We are further exposed to fluctuations in the prices of power & fuel and an inability to pass on increased costs may adversely affect our profitability.
- Orders placed by customers may be delayed, modified or cancelled, which may have an adverse effect on our business, financial condition and results of operations. Further any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on cash flows, results of operations and financial condition

For further discussion on factors that could cause actual results to differ from expectations, see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 22, 119 and 164, 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 Shareholder, the BRLM nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company and the BRLM 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. The Selling Shareholder shall ensure that it will keep the Company and BRLM informed of all material developments pertaining to its respective portion of the Equity Shares under the Offer for Sale and himself, as Selling Shareholder from the date of the Red Herring Prospectus until receipt of final listing and trading approvals by the Stock Exchanges for this Offer, that may be material from the context of the Offer.

## SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including the sections entitled “Risk Factors”, “Industry Overview”, “Outstanding Litigations and Material Developments”, “Our Promoters and Promoter Group”, “Capital Structure”, “Restated Financial Statements”, “Objects of the Offer”, “Our Business”, “Offer Procedure” and “Main Provisions of Articles of Association” on pages 22, 101, 192, 154, 46, 160, 85, 119, 219 and 240, respectively.

### Overview of Business

We are engaged in manufacturing and marketing of vitrified tiles used majorly for flooring solutions. We commenced business as a partnership firm in 2007-08 as a manufacturer of frit, which is one of the raw materials used in manufacturing of tiles and have over the years, diversified, expanded and evolved into a manufacturer for vitrified tiles. We mainly deal in two product categories i.e. Double Charged Vitrified Tiles and Glazed Vitrified Tiles. As on date, we supply products mainly in 6 sizes. We have 1000+ designs in our product basket, which are marketed under our brand “Exxaro”.

For further details please see the chapter titled “Our Business” beginning on page 119 of this RHP.

### Overview of Industry

The Indian Ceramic Tiles industry is highly fragmented in nature, with many small-size family owned entities. The industry enjoys some inherent advantages such as abundant raw material from indigenous sources, advanced infrastructure and low labour costs. The size of the Indian tiles industry is estimated to be around Rs 35,000 to Rs 40,000 crores in 2019 with exports comprising of close to 35% of the sector revenue. While, domestic sales were impacted, due to Covid-19-induced lockdown, one of the strictest ever lockdowns, imposed in the country, exports remained continued to grow in 2020 which restricted the decline in overall size of the industry to just 10-12% in 2020. [Source: Brickworks Report dated January 11, 2021, as amended]

The domestic industry has also now moved on from traditional products such as floor tiles to other value-added products such as glazed vitrified tiles and polished vitrified tiles. Vitrified tiles are ceramic tiles with low porosity. Glazed vitrified tiles have a glazed surface and offers a variety of design, art work and surface textures. [Source: Brickworks Report dated January 11, 2021, as amended]

For further details please see the chapter titled “Industry Overview” beginning on page 101 of this RHP.

### Promoters

Our Promoters are Mr. Mukeshkumar Patel, Mr. Kirankumar Patel, Mr. Dineshbhai Patel and Mr. Rameshbhai Patel.

### Offer Size

Particulars	Number of Equity Shares	% of the post-Offer capital <sup>(4)</sup>
Offer <sup>(1)</sup>	Upto 13,424,000 Equity Shares aggregating upto ₹ [●] million	[●]
The Offer consists of:		
Fresh Issue	Upto 111,86,000 Equity Shares aggregating upto ₹ [●] million	[●]
Offer for Sale <sup>(2)</sup>	Upto 2,238,000 Equity Shares aggregating upto ₹ [●] million	[●]
Of Which:		
Employee Reservation Portion <sup>(3)</sup>	Upto 268,500 Equity Shares aggregating upto ₹ [●] million	[●]
Net Offer of Equity Shares to Public	Upto [●] Equity Shares aggregating upto ₹ [●] million	[●]

(1) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on January 8, 2021 and authorised by our Shareholders pursuant to their resolution dated January 18, 2021.

(2) The Equity Shares being offered by the Selling Shareholder have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details on authorisation of the Selling Shareholder in relation to his portion of Offered Shares, please refer to the chapters titled “The Offer” and “Other Regulatory and Statutory Disclosures” on pages 53 and 199 respectively.

(3) Our Company and the Selling Shareholder in consultation with the BRLM, may offer an Employee Discount of up to

10% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.

(4) To be finalised on determination of the Offer Price and updated in the Prospectus prior to filing with the ROC.

The Offer shall constitute [●]% of the post-Offer paid up equity share capital of our Company.

### **Objects of the Offer**

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

Sr. No.	Particulars	Amount (₹ in million)
1.	Prepayment/repayment of certain secured borrowings availed by our Company	500.00
2.	Funding the working capital requirements of the Company	450.00
3.	General corporate purposes <sup>(1)</sup>	[●]

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

For further details, see “Objects of the Offer” beginning on page 85 of the RHP.

### **Pre-Offer Equity Shareholding of Promoters, Promoter Group and Selling Shareholder**

Our Promoters and Promoter Group members are collectively holding 18,821,131 Equity shares of our Company aggregating to 56.09% of the pre-offer paid-up equity share capital of our Company. Following are the details of shareholding of Promoters and Promoter group members:

S. No.	Name of shareholders	No. of Equity Shares held	% of Pre-Offer paid-up Equity Share Capital
<b>Promoters</b>			
1.	Mukeshkumar Patel	3,135,988	9.35
2.	Kirankumar Patel	4,702,064	14.01
3.	Dineshkumar Patel	7,553,307	22.51
4.	Rameshbhai Patel	3,127,646	9.32
<b>Promoter Group</b>			
5.	Dineshbhai R. Patel	8241	0.02
6.	Kailashben Patel	293,785	0.88
7.	Rakeshbhai Patel	100	Negligible
<b>Total</b>		<b>18,821,131</b>	<b>56.09</b>

Our Selling Shareholder Dixitkumar Patel holds 4,578,916 Equity Shares of our Company which constitutes 13.65% of the issued, subscribed and paid-up Equity Share capital of our Company.

### **Summary of Financial Information**

The following details of our Equity share capital, total Equity, net asset value per Equity Share and total borrowings for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and total revenue from operations, profit after tax and earnings per Equity Share (basic and diluted) for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 are derived from the Restated Financial Statements:

(₹ in million)

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital	335.55	335.55	335.55
Other Equity*	1,024.83	871.84	759.03
Total Equity	1,360.38	1,207.39	1,094.58
Total income	2,598.53	2,439.64	2,440.06
Restated profit for the year	152.23	112.59	89.17
Basic and diluted earning	4.54	3.36	2.66

per share (₹ / share)			
Net Asset Value per Equity Share (in ₹)	38.20	33.64	30.28
Total Borrowings (as per balance sheet)	1,609.95	1,741.58	1,586.63

*\*Including equity component of financial instruments of ₹ 78.52 million for all the stated periods.*

#### **Auditor Qualifications**

There are no Auditor qualifications which require adjustments and have not been given effect to in the Restated Financial Statements.

#### **Summary of Outstanding Litigations**

Sr. No.	Nature of Cases	No. of outstanding cases	Amount to the extent quantifiable (in ₹ million)*
<b>Litigations filed by our Company</b>			
1.	Income Tax	4	25.05
2.	Value Added Tax	2	12.35
3.	Central Sales Tax	1	0.07
4.	Criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881	64	37.35
<b>Litigations filed against our Company</b>			
5.	Proceedings filed for outstanding dues to a micro and small enterprise as defined under the Micro, Small and Medium Enterprises Development Act, 2006	1	1.04

*\*To the extent quantifiable excluding interest and penalty thereon*

For further details in relation to legal proceedings involving our Company, refer chapter titled “*Outstanding Litigations and Material Developments*” on page 192 of this Red Herring Prospectus.

#### **Risk Factors**

*Please see the chapter “Risk factors” beginning on page 22.*

#### **Summary of Contingent Liabilities**

Following is the summary of the Contingent Liabilities of the Company for the financial years ended on March 31, 2021, 2020 and 2019:

Particulars	(₹ in million)		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax matters in dispute in respect of Assessment dues before CIT (Appeal)	25.05	26.38	26.38
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2010-11	1.26	1.33	1.33
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2011-12	11.09	11.09	11.09
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2013-14	-	-	0.61
Bank Guarantee issued by Bank	97.67	91.82	97.94
Letter of credit issued by Bank	20.51	20.18	20.89
EPCG Obligation	194.36	615.75	946.93

For further details regarding the same, refer the Chapter titled “*Restated Financial Statements*” beginning on page 160 of this Red Herring Prospectus.

#### **Summary of Related Party Transactions**

Following is the summary of the related party transactions of the Company for the financial years ended on March 31, 2021, 2020 and 2019:

(₹ in million)

Nature of Transactions	Transaction Amount		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration to Key Managerial Personnel	3.03	3.01	4.08
Salary to Relatives of KMP's	4.30	2.40	3.84
Rent Paid	0.24	0.24	-
Loan received	5.67	44.55	5.77
Loan repaid	20.50	49.85	17.63

For further details of the related party transactions, refer the Note 36 – Related Party Information as per Ind AS 24 on page F-37 under Chapter titled “*Restated Financial Statements*” beginning on page 160 of this Red Herring Prospectus.

#### ***Details of Financing Arrangements***

There have been no financing arrangements whereby the Promoters, member of Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus.

#### ***Weighted average price at which the Equity Shares acquired by each of our Promoters and Selling Shareholder***

Our Promoters and the Selling Shareholder have not acquired any Equity Shares in the last one year preceding the date of this Red Herring Prospectus.

#### ***Average cost of acquisition of Equity Shares***

The average cost of acquisition of or subscription to Equity Shares by our Promoters and Selling Shareholder are set forth in the table below:

Name of Promoter	Number of Equity Shares acquired	Average cost of acquisition per Equity Share (in ₹)
Mr. Mukeshkumar Babubhai Patel	3,135,988	14.88
Mr. Kirankumar Bhikhalal Patel	4,702,064	7.54
Mr. Dineshbhai Ramanlal Patel	7,553,307	4.69
Mr. Rameshbhai Shivabhai Patel	3,127,646	23.95

As certified by M/s. H. B. Kalaria & Associates, Chartered Accountants, by way of their certificate dated March 5, 2021.

Name of Selling Shareholder	Number of Equity Shares acquired	Average cost of acquisition per Equity Share (in ₹)
Mr. Dixitkumar Patel	4,578,916	5.49

As certified by M/s. SPAP & Associates, Chartered Accountants, by way of their certificate dated March 12, 2021.

#### ***Equity Shares issued for consideration other than cash in last one year***

We have not issued any Equity Shares for consideration other than cash during last one year from the date of this Red Herring Prospectus.

#### ***Split/ Consolidation of Equity Shares in the last one year***

Our Company has not undertaken any split or consolidation of Equity Shares during the last one year from the date of this Red Herring Prospectus.

## SECTION II – RISK FACTORS

*An investment in our Equity Shares involves a certain degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares or the industry in which we operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks or other risks that are not currently known or are currently deemed immaterial actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results; it may also have the effect of heightening many of the other risks described in this section. Prospective investors should read this section in conjunction with “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 119, 101 and 164, respectively of, as well as the financial and other information contained in, this Red Herring Prospectus.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. For further details, see “Forward-Looking Statements” on page 17.*

*Unless otherwise indicated or context requires otherwise, the financial information included herein is derived from our Restated Financial Information for Fiscals 2019, 2020 and 2021 included in this Red Herring Prospectus. For further information, see “Restated Financial Statements” beginning on page 160.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report titled “Ceramic Tiles Industry” dated January 11, 2021, as amended prepared and issued by Brickworks Analytics Private Limited. Unless otherwise indicated, all financial, operational, industry and other related information derived from the report titled “Ceramic Tiles Industry” and included herein with respect to any particular year refers to such information for the relevant calendar year.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

### **Internal Risk Factors**

#### **Risks Relating to our Business**

##### **1. Volatility in the supply and pricing of our raw materials and stores & spares may have an adverse effect on our business, financial condition and results of operations.**

The principal raw materials used in our manufacturing process are feldspar, clay, frit, bentonite, etc. The costs of raw materials consumed and stores and spares consumed for the fiscal 2021, 2020 and 2019 was 35.37%, 44.90% and 37.97% respectively of our total revenue from operations. Further our raw materials purchased for the fiscal 2021, 2020 and 2019 was Rs. 737.35 million, Rs. 922.26 million and Rs. 837.60 million respectively which was 28.90%, 38.31% and 34.58% of our total revenue from operations. We majorly source our raw materials requirement and stores & spares locally. Our import of raw-materials and stores (including hi seas purchase) was Rs. 11.50 million, Rs. 44.36 million and Rs. 79.38 million which was 1.30%, 4.24% and 9.03% respectively of our costs of raw materials and stores and spares purchased for the fiscal 2021, 2020 and 2019. We do not have long term agreements with any of our raw material or inputs suppliers and we purchase such raw materials and inputs on spot order basis. Our top 10 suppliers for the financial year ended March 31, 2021 have contributed 26.10% and for the financial year ended March 31, 2020, have contributed 35.12% of our total purchases. While we are not significantly dependent



on any single raw material or inputs 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 inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials or stores & spares in the future, as and when we need them on commercially acceptable terms.

Further, there may be volatility in prices of our raw material and stores & spares and if we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows. Additionally, we may not be able to pass on every instance of increase in input cost and may have to pursue internal cost control measures.

2. ***The shortage or non-availability of power, fuel and water facilities may adversely affect our vitrified tiles manufacturing process and have an adverse impact on our results of operations and financial condition. We are further exposed to fluctuations in the prices of power & fuel and an inability to pass on increased costs may adversely affect our profitability.***

Our vitrified tiles manufacturing process requires substantial amount of power, fuel and water facilities. The quantum and nature of power and fuel requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high. We source the power requirements for our manufacturing facilities mainly from state electricity boards. To battle electricity failures, we also have diesel generator to meet exigencies at our facilities, however, we cannot assure you that our facilities will be operational during power failures. We source our fuel requirements, mainly natural gas, under long term gas supply agreements with various suppliers of natural gas. If fuel supply is not available for any reason, we will need to rely on alternative sources, for example, LPG, Propane etc. which may not be able to consistently meet our requirements. The cost of fuel from the aforementioned alternate sources may however be significantly higher, thereby adversely affecting our cost of production and profitability. Further our manufacturing process also requires substantial amount of water. Water is majorly required in body formation process and glaze preparation. We currently source our water requirement from borewells. We have not made any alternate arrangements for supply of water for our manufacturing facilities. Any disruption / non availability of power, fuel or water or any failure on our part to arrange alternate sources of electricity, fuel and water supply, in a timely manner and at an acceptable cost shall directly affect our production which in turn shall have an impact on operations and results of our Company.

We are exposed to fluctuations in prices of power and fuel, mainly natural gas. Power and fuel cost accounts for a significant percentage of our cost of operations. For the Fiscals 2021, 2020 and 2019, our power and fuel expenses were 29.37%, 28.29% and 21.09% respectively of our total revenue from operations. Although we generally attempt to pass on increases in energy and fuel-related costs to our customers, our ability to do so is dependent upon the rate of increase, competitive pressures and market conditions for our products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be recovered. Our inability to pass on any increased costs to the customers, may adversely affect our profitability.

3. ***Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations. Further, failure to manage our inventory could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

Our business requires a significant amount of working capital for smooth functioning. As on March 31, 2021, March 31, 2020 and March 31, 2019 our inventories and trade receivables form 52.64%, 52.14% and 45.45% of our respective total assets and 93.79%, 94.98% and 94.60% of our respective current assets. We meet our requirement for working capital majorly through banking facilities or internal accruals. In future, our inability, if any to meet our working capital requirements or inability to renew our existing working capital requirements through banking arrangements can adversely impact our business operations and financial position. For further details regarding working capital requirement, please refer to the chapters titled “Objects of the Offer” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 85 and 164, respectively, of this RHP”

Our business is working capital intensive. A significant portion of our working capital is utilized towards trade receivables and inventories. Summary of our working capital position is given below:-

*Amount (₹ in million)*

Particulars	As at March 31,		
	2021	2020	2019
<b>A. Current Assets</b>			
Current Investments			
Inventories	1,043.36	1,054.51	794.76
Trade Receivables	900.82	963.57	833.62
Cash and Bank Balances	53.12	35.40	44.93
Short Term Loans & Advances	0.51	0.51	0.43
Other Current Assets and Other Financial Assets	75.16	70.70	47.57
<b>B. Current Liabilities</b>			
Trade Payables	508.73	697.20	575.88
Other Current Liabilities, Other Financial Liabilities and Current Tax Liabilities (Net)	312.54	283.42	371.72
Short Term Provisions	32.91	2.50	22.22
<b>Working Capital (A-B)</b>	<b>1,218.79</b>	<b>1,141.57</b>	<b>751.49</b>
<b>Inventories as % of total current assets</b>	<b>50.33%</b>	<b>49.63%</b>	<b>46.17%</b>
<b>Trade receivables as % of total current assets</b>	<b>43.46%</b>	<b>45.35%</b>	<b>48.43%</b>

We intend to continue growing by expanding our business operations. This may result in increase in the quantum of current assets particularly trade receivables and inventories. The results of operations of our business are dependent on our ability to effectively manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and manufacture and trade inventory accordingly. We estimate our sales based on the forecast, demand and requirements and also on the customer specifications.

Natural disasters such as earthquakes, extreme climatic or weather conditions such as floods or droughts may adversely impact the supply of raw material and local transportation. Should our supply of raw materials be disrupted, we may not be able to procure an alternate source of supply in time to meet the demands of our customers. Such disruption to supply would materially and adversely affect our business, profitability and reputation. In addition, disruptions to the delivery of product to our customer may occur for reasons such as poor handling, transportation bottlenecks, or labour strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products. To improve our line capability, we try to stock our inventory at our manufacturing facility. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively. If we over-stock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. 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.

Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapters titled “*Objects of the Offer*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” beginning on page 85 and 164 respectively, of this RHP.

**4. Our lenders have charge over our movable and immovable properties in respect of finance availed by us. Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows.**

We have provided security in respect of loans / facilities availed by us from banks and financial institutions by creating a charge over our movable and immovable properties. The total amounts outstanding and payable by us as secured loans were Rs. 1426.35 million as on March 31, 2021. For further details, please refer to the chapter titled “*Financial Indebtedness*” beginning on page 187 and Note 15-Borrowings-Non-

Current and Note 19- Borrowings – Current on page F-27 and F-29 under the chapter titled “Restated Financial Statements” beginning on page 160 of this RHP. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be subject to forfeiture by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. Our substantial indebtedness could: (i) require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures; (ii) increase our vulnerability to adverse general economic or industry conditions; (iii) limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry; (iv) limit our ability to borrow additional funds; (v) restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and (vi) place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, restrict our ability to invest any funds by way of deposit, extending loan or advance to or place deposit with other companies, declare or pay any dividend or any other distribution to any of the Shareholders, effect a merger, amalgamation or scheme of arrangement or compromise, amend our Memorandum of Association and Articles of Association, incur further indebtedness of any nature and create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over assets constituting security, undertake any new project, diversify, modernise or substantially expand our projects, change our management, transfer or dispose of the Equity Shares held by our Promoters and change our capital structure. Any failure on our part to comply with these terms in our loan agreements would generally result in events of default under these loan agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted over our various assets and take possession of those assets, which could adversely affect our liquidity and materially and adversely affect our business and operations.

**5. *Intellectual property rights are important to our business and we may be unable to protect them from being infringed by others which may adversely affect our business value, financial condition and results of operations***

As on the date of this RHP, we have not yet obtained registration for two of our corporate logos and hence we do not enjoy the statutory protection accorded to a registered trademark. While we have made application for the registration of one of our corporate logos, and are still in the process of making an application for the other one however, there can be no assurance that our application will succeed. Grounds for refusal of registration may include the validity or scope of the application. If we are unable to obtain a registration, we may still continue to use the corporate logo but remain vulnerable to infringement and passing-off by third parties and will not be able to enforce any rights against them. We may also need to change our corporate logo which may adversely affect our reputation and business and could require us to incur additional costs. Although, we believe that that our present systems are adequate to protect our confidential information and intellectual property, there can be no assurance that our intellectual property data, trade secrets or proprietary technology will not be copied, infringed or obtained by third parties. Further, our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. This may lead to litigations and any such litigations could be time consuming and costly and their outcome cannot be guaranteed. Our Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property, which may adversely affect our business, financial condition and results of operations. For further details pertaining to our intellectual property, please refer to the chapter titled “Our Business” beginning on page 119 of this Red Herring Prospectus.

**6. *Our manufacturing operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition. Further our manufacturing facilities are concentrated in a single region i.e. Gujarat and the inability to***

***operate and grow our business in this particular region may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.***

Our manufacturing facilities are located at, Padra and Talod, Gujarat. Our success depends on our ability to successfully manufacture and deliver our products to meet our customer demand. Our manufacturing facilities are susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, earthquakes, other natural disasters and industrial accidents and similar events. Recently, on account of the government imposed lockdown in India due to COVID-19 pandemic, operations at all of our manufacturing facilities were temporarily shut down for the period from March 24, 2020 to May 31, 2020 in respect of Unit I and from March 24, 2020 to May 15, 2020 in respect of Unit II and we were required to follow protocols as suggested by regulatory authorities which impacted our ability to operate our manufacturing facilities at optimum utilizations.

It is also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties.

If our Company experiences delays in production or shutdowns at our facility due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

Further any materially adverse social, political or economic development, civil disruptions, or changes in the policies of the state government or state or local governments in this region could adversely affect our manufacturing operations, and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Any such adverse development affecting continuing operations at our manufacturing facilities could result in significant loss due to an inability to meet customer contracts and production schedules, which could materially affect our business reputation within the industry. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects. Further, continuous addition of industries in and around our manufacturing facilities without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may adversely affect our business. Further, the spiraling cost of living around our manufacturing facilities may push our manpower costs higher, which may reduce our margin and cost competitiveness.

***7. An inability to expand or manage our distribution network for business or the loss of any significant dealer may adversely affect our business and results of operations.***

We primarily sell our products to retail customers through our large distribution network of dealers and sub-dealers across India. As on the date of the RHP, we have more than 2000 registered dealers. The competition for dealers and sub-dealers is intense in our industry and many of our competitors including the large players continue to expand their distribution networks. There can be no assurance that we will be able to successfully expand, maintain or manage our large distribution network and strengthen our relationship with our significant dealers in the future. If we lose any of our significant dealers or sub-dealers to competitors, we may lose some or all favorable arrangements with such dealer or sub-dealer, which could result in weakening or termination of our relationships with other dealers and sub-dealers. We may also not be able to effectively manage our dealers and sub-dealers, and the cost of any consolidation or further expansion of our distribution network may exceed the additional revenue generated from such efforts. Furthermore, the performance of our dealers and sub-dealers and their ability to sell our products, strengthen our brand and expand their businesses and their sales network are crucial for the future growth of our business and would directly affect our sales volume and profitability. Our business is dependent on maintaining a continuing relationship with our most significant dealers as a significant portion of our revenues in our business is generated by a limited number of key dealers. While our top ten dealers are not necessarily the same in every fiscal year or reporting period, our key dealers contribute a significant proportion of our total revenues. An inability to develop and maintain our relationship with key dealers by providing new and quality products, effective branding and marketing for such products, attractive commercial arrangements, or effective training and network support for dealers, may result in the loss of key dealers. There can be no assurance that we will be able to maintain or increase the historic levels of business from our key dealers, or that we will be able to immediately and successfully replace these key dealers at terms acceptable to us, should we lose any or all of them. Any loss of such key dealers may

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

8. ***We are subject to various risks associated with the overseas markets in which we may operate, including but not limited to foreign currency exchange rate fluctuations and tax, if any. These risks may have an adverse effect on our business, prospects, results of operations and financial condition.***

We derive our revenue from operations from both domestic and export sales. For the years ended March 31, 2021, 2020 and 2019, our revenue from exports were Rs. 354.24 million, Rs. 325.28 million and Rs. 161.72 million, respectively. Our Company exports to many countries namely Poland, Bosnia, Italy UAE, etc. Consequently, any adverse changes in these economies such as slowdown in the economy, acts of terrorism or hostility targeting these countries, etc. would directly impact our revenues and results from operations. In the event of change in policies or laws in these regions with respect to quality standards, branding or restrictions on usage of certain products, imposition of anti-dumping duties, etc. our financial condition and business operations may be adversely affected. In case of any contingencies in future due to which we are unable to operate effectively in these markets, our results from operations, revenues and profitability may be adversely affected.

Further our financial statements are presented in Indian Rupees. However, our revenue from operations are influenced by the currencies of geographies to where we export our products. The exchange rate between the Indian Rupee and these currencies, primarily the USD, has fluctuated in the past and our results of operations and cash flows have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For the Fiscal 2021, 2020 and 2019, foreign exchange loss/(gain) on exports revenue was Rs. 0.20 million, Rs. (2.97) million, Rs. (1.71) million respectively. Further, for the Fiscal 2021, 2020 and 2019, foreign exchange loss/(gain) on cost of imports was Rs. 1.00 million, Rs. 0.12 million and Rs. (0.17) million respectively. We may, therefore, suffer losses on account of foreign currency fluctuations for sale of our products or import of raw materials since may not be able to pass on all losses on account of foreign currency fluctuations to our customers.

9. ***Our business is dependent on the performance of the real estate, infrastructure and other related industries where our products are utilized. Uncertainty regarding the real estate market, infrastructure sector, economic conditions and other factors beyond our control could adversely affect demand for our products, our costs of doing business and our financial performance.***

Our products are primarily used in the real estate, infrastructure and related sectors. Adverse conditions in or uncertainty about these markets, or the economy could adversely impact our end-customers' confidence or financial condition, causing the reduction of demand for our products or delay purchasing or payment for those products. The performance of these sectors, and consequently the demand for our products in these sectors, are dependent on economic and other factors such as government policies, regulations and budgetary allocations as well as investments made in these industries and sectors. The financial performance of the end users of our products and any adverse developments that affect the tile industry and the real estate, infrastructure and related sectors where our products are used may adversely affect our business, results of operations and financial condition.

10. ***Any adverse change in regulatory requirements governing our products and the products of our customers, may adversely impact our business, prospects, results of operations and financial condition.***

Regulatory requirements with respect to our products and the products of our customers are subject to change. An adverse change in the laws governing the manufacturing of our products, imposition of additional duties by target markets or laws governing the real estate sector, may have an adverse impact on our operations. We may be required to alter our manufacturing and/or distribution process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We cannot assure you that we will be able to comply with such changes or additional regulatory requirements. In the past there have been anti-dumping duties imposed by some of our target markets, which may impact our operations in such countries. For eg. the Gulf Cooperation Council (GCC) has imposed anti-dumping duty on imports of ceramic tiles from India with effect from June 6, 2020. Further our products are mainly used in real estate sector which saw a downturn in past due to implementation of GST, RERA, etc. impacting our revenue of operations adversely.

If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing. Further, changes in regulatory requirements, may result in our customers being unable to utilise our products for execution of their projects. There is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, loss of export operations, loss of demand by our end consumer which may adversely impact our business, prospects, results of operations and financial

condition.

- 11. *Orders placed by customers may be delayed, modified or cancelled, which may have an adverse effect on our business, financial condition and results of operations. Further any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on cash flows, results of operations and financial condition.***

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may postpone the delivery of such products or cause its cancellation. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customers discretion or problems we encounter in the delivery of such products or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to deliver the orders placed. Additionally, delays in the delivery of such products can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such products. In addition, even where a delivery proceeds as scheduled, it is possible that the customers may default or otherwise fail to pay amounts owed.

In the ordinary course of business, we extend credit to our customers. Consequently, we are exposed to the risk of the uncertainty regarding the receipt of the outstanding amounts. As at March 31, 2021 our net trade receivables was Rs. 900.82 million. Out of the above trade receivables, Rs. 33.35 million is due for a period of more than 6 months and upto 1 year and Rs. 122.43 million is due for more than year, against such trade receivables a provision for doubtful debts of Rs. 23.91 million. During the Fiscal 2021, sales made to such customers amounted to Rs. 153.43 million. Our results of operations and profitability depend on the credit worthiness of our customers. Certain of these customers may have weak credit histories and we cannot assure that these counterparties will always be able to pay us in a timely fashion, or at all. Any adverse change in the financial condition of our customers may adversely affect their ability to make payments to us. As on date of RHP, we are yet to recover amount of Rs. 37.35 million from 64 of our debtors on which we have filed complaints under section 138 of the Negotiable Instruments Act, 1881 as well as a civil suit for recovery of amount of Rs. 0.52 million. Default or delays in payments by a significant portion of our customers may have an adverse effect on cash flows, results of operations and financial condition

- 12. *We have not entered into any long term or definitive agreements with our dealers or customers. If our dealers or customers choose not to source their requirements from us, our business, financial condition and results of operations may be adversely affected.***

We have not entered into any long term or definitive agreements with our dealers or customers, and instead rely on purchase orders to govern the volume, pricing and other terms of sales of our products. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Our customers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales. Consequently, there is no commitment on the part of the customer to continue to source their requirements from us, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations could result in cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

- 13. *We currently avail benefits under certain export promotion schemes. Any failure in meeting the obligations under such schemes, may result in adversely affecting our business operations and our financial condition.***

We currently avail benefits under certain export promotion schemes, namely, Export Promotion Capital Goods ("EPCG") license. As per the licensing requirement under the said scheme, we are bound by certain export obligations which require us to export goods of a defined amount, failing which, we may have to pay the Government, a sum equivalent to the duty benefit enjoyed by us under the said schemes along with interest. As of March 31, 2021, our pending obligations against EPCG License was ₹ 194.36 million, which will be adjusted at the time of the consequent exports as per the required timelines. Any reduction or withdrawal of benefits or our inability to meet any of the conditions prescribed under any of the schemes

would adversely affect our business and financial condition.

**14. *We have commissioned the Brickworks Report, which has been used for industry related data in this Red Herring Prospectus and such data has not been independently verified by us or the BRLM.***

The information in this section and the chapters titled “*Summary of the Offer Document*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” and “*Industry Overview*” on pages 18, 119, 164 and 101, respectively, of this Red Herring Prospectus includes information that is derived from the Brickworks Report that we commissioned in connection with the Offer for the purpose of confirming our understanding of the industry. Neither we, nor the Promoters, nor Directors, nor the Book Running Lead Manager, its associates or affiliates or any other person connected with the Offer have verified the information included in the Brickworks Report and other information under “*Industry Overview*” on page 101, and we cannot guarantee the accuracy, adequacy or completeness of any such information.

Moreover, the industry sources, including the Brickworks Report, contains certain industry and market data, based on certain assumptions. Further, the reports use certain methodologies for market sizing and forecasting. There are no standard data gathering methodologies in the markets in which we operate, and methodologies and assumptions vary widely among different industry sources. Such assumptions may change based on various factors. We cannot assure you that such assumptions 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 Brickworks Report or any other industry data or sources are not recommendations to invest in our Company.

Investors are advised not to unduly rely on the industry related information provided in this Red Herring Prospectus when making their investment decision and such industry related information contained in this Red Herring Prospectus should not be construed as advice relating to business, financial, legal, taxation or investment matters. See “*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation*” and “*Industry Overview*” on pages 15 and 101, respectively.

**15. *Our company has entered into long term gas supply agreements with various suppliers for the procurement of natural gas. Any under-utilization of the quantities of natural gas may trigger the ‘take or pay’ provisions contained in such agreements which may have an adverse impact on our financial condition.***

Natural gas is the primary fuel for our manufacturing facilities and we source such fuel requirements through gas supply agreements (“GSAs”) with certain natural gas suppliers. As on date the Company has entered into GSAs with: (i) Sabarmati Gas Limited dated July 30, 2016, which is valid until July 29, 2026; (ii) Oil and Natural Gas Corporation Limited dated January 2, 2013, which is valid until March 31, 2022; and (iii) GAIL India Limited dated November 13, 2015, which is valid until April 30, 2028, respectively. Any under-utilization of natural gas than the contracted quantities may attract the ‘take or pay’ obligations as stipulated in such GSAs, requiring us to pay for the quantity under drawn. Although we may procure the equivalent quantity of natural gas paid for pursuant to the aforementioned claims during the remaining validity period of the GSAs subject to the seller’s operational flexibility and any price adjustments, there can be no assurance that we will be able to profitably utilize such quantities of natural gas. Such claims or any future claims under these GSAs may adversely impact our cash flows, the results of our operations and financial position. In addition, these GSAs need to be renewed from time to time with renewal to be mutually agreed between the parties and there can be no assurance that these GSAs will be renewed on terms favorable to us, or at all. In case of any such non-renewal of the said GSAs, we would need to make alternative arrangements in a timely manner and any delay could adversely affect the fuel requirements at our manufacturing facilities and in turn adversely affect our business operations and revenue from operations.

**16. *The average cost of acquisition of Equity Shares by our Promoters and the Selling Shareholder could be lower than the floor price.***

Our Promoters’ and Selling Shareholder’s average cost of acquisition of Equity Shares in our Company may be lower than the Floor Price of the Price Band as may be decided by the Company and the Selling Shareholder in consultation with the BRLM. For further details regarding average cost of acquisition of Equity Shares by our Promoters and the Selling Shareholder in our Company and built-up of Equity Shares by our Promoters and the Selling Shareholder in our Company, please refer to the chapter titled “*Capital Structure*” on page 63 of this RHP.

**17. *Our Equity Shares have never been publicly traded, and may experience price and volume fluctuations***

***following the completion of the Offer. Further, our Equity Shares may not result in an active or liquid market and the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, does not guarantee the liquidity of such market for the Equity Shares. Investors might not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares. The Offer Price of the Equity Shares shall be determined by our Company and the Selling Shareholder in consultation with the BRLM through the Book Building Process. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

***18. Our statutory auditor has included an emphasis of matter in their audit report for the financial year ended March 31, 2021 and certain observations in the Companies (Auditors Report) Order 2016, as amended ("CARO") disclosures.***

Our Statutory Auditors for financial year ended March 31, 2021 have provided an emphasis of matter in their auditor's report for the said year specifically with respect to the management's estimation of impact of COVID-19 on the financial result of the Company for the quarter and for the financial year ended on March 31, 2021. Further the statutory auditors of our Company have also reported certain observations in their reports on the Companies (Auditors Report) Order, 2016. These matters include few instances of delay in payment of statutory dues and dues which have remain unpaid on account of disputes, etc. For details on emphasis of matter and observations made in CARO, please refer chapter titled "Restated Financial Statements" beginning on page 160 of the RHP.

***19. The industry in which we operate is labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

Ceramic tiles industry being labour intensive is dependent on labour force for carrying out its manufacturing operations. We also employ contract labour at our manufacturing facilities. As at March 31, 2021, 2020 & 2019, the contract labour employed by us was 30.95%, 8.83% and 16.61%, respectively of the total labour/employees employed by us for our operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. Though we have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past; however, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. 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. 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, work stoppages and 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.

***20. An inability to address changing industry standards and consumer trends may adversely affect our business, results of operations and financial condition.***

The future success of our business will depend in part on our ability to respond to technological advances, consumer preferences (including in designs) and emerging industry standards and practices in a cost-effective and timely manner. The development and implementation of such new technology entails technical and business risks. We may have to incur substantial capital investment to upgrade our equipment and manufacturing facilities. While we continue to invest in various product development initiatives, introduction of new designs and new technologies and processes for the development of new products, we are subject to general risks associated with introduction and implementation of new products including the



lack of market acceptance and delays in product development. There can be no assurance that we will be able to successfully develop new products or that such new products will receive market acceptance or adapt our manufacturing processes to incorporate new technologies or address changing consumer trends or emerging industry standards. Any rapid change in the expectations of our dealers and end customers in our business on account of changes in technology or introduction of new alternate products could adversely affect our business, results of operations and financial condition.

- 21. *If we are unable to continue to implement our brand building and marketing initiatives, for each of our brands, our business and prospects may be adversely affected. Moreover, any deterioration in the reputation and market perception of our brand as a result of defects in our products or liability claims from customers may have an adverse effect on our sales, profitability and the implementation of our growth strategy.***

We operate under our brand “Exxaro” in the industry in which we operate. Our brand and reputation are among our important assets. The performance and quality of products are critical to the success of our business. The success of these products depend significantly on the effectiveness of the product design, quality of the raw materials and quality control systems, which in turn, depend on skills and experience of our personnel and our ability to ensure that such personnel adhere to our standards and policies and guidelines. Any adverse change in the quality of products rendered by us including due to reasons beyond our control, or allegations of defects, even when false, at any of our manufacturing facilities could tarnish the image of our brands, result in negative reviews and feedback from our customers. Further, our brand building would also depend on the effectiveness of sales and promotional activities and choice of channel partners. There can be no assurance that our efforts in these areas would always be effective. Any adverse development or decline in our brand value and reputation may adversely affect our business, results of operations and financial condition.

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. For the Fiscal 2021, 2020 & 2019, our breakage and complaint expenses amounted to Rs. 16.95 million, Rs. 19.14 million and Rs. 32.77 million respectively.

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

- 22. *There have been some instances of non-filing/ delays /incorrect filings in the past with certain statutory authorities. If the authorities impose monetary penalties on us or take certain punitive actions against our Company in relation to the same, our business, financial condition and results of operations could be adversely affected.***

In the past, there have been some instances of non-filings or incorrect filings or delays in filing statutory forms with the RoC such as Form MGT-14 in respect of a special resolution. There has also been an instance of non-compliance with the provisions of the Companies Act in relation to appointment of company secretary however, the Company is as on date in compliance with the requirements of the Companies Act in this regard. While no legal proceedings or regulatory action has been initiated against our Company in relation to such non-compliance and instances of non-filings or incorrect filings or delays in filing statutory forms with the RoC as of the date of this Red Herring Prospectus, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future and we cannot assure you that we will not be subject to penalties imposed by regulatory authorities in this respect. Therefore, if the authorities impose monetary penalties on us or take certain punitive actions against our Company in relation to the same, our business, financial condition and results of operations could be adversely affected.

- 23. *Any increase in interest rates would have an adverse effect on our results of operations and will expose our Company to interest rate risks.***

We are dependent upon the availability of equity, cash balances and debt financing to fund our operations and growth. Our finance costs for the Fiscal 2021, 2020, 2019 was Rs. 212.60 million, Rs. 197.18 million and Rs. 178.28 million which was 8.33%, 8.19% and 7.36% of our total revenues from operations, respectively. Some of our secured debt has been availed at floating rates of interest which is linked to

MCLR. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Furthermore, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt and non-fund based facilities could be adversely affected with a concurrent adverse effect on our business, financial condition and results of operations. For further details, please refer chapter titled “Financial Indebtedness” beginning on page 188 of this RHP and Note 15-Borrowings-Non-Current and Note 19- Borrowings – Current on page F-27 and F-29 under the chapter titled “Restated Financial Statements”.

**24. *Certain Unsecured loans taken by our Company can be recalled by the lenders at any time.***

As on March 31, 2021, March 31, 2020 and March 31, 2019 our Company has unsecured loans amounting to Rs. 140.35 million, Rs. 172.67 million and Rs. 203.09 million respectively outstanding from related and other parties that are repayable on demand to the relevant lender which is 6.02%, 6.48% and 8.16% of our total liabilities. Further, these loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. In such cases, our Company may be required to repay the entirety of the unsecured loans and other outstanding amounts payable in relation to such loans. Our Company may not be able to generate sufficient funds at short notice to be able to repay such loans and may resort to refinancing such loans at a higher rate of interest and on terms not favourable to it. Failure to repay unsecured loans in a timely manner may have a material adverse effect on our business, cash flows and financial condition. For further details of unsecured loans of our Company, please refer the chapter titled “Restated Financial Statements” beginning on page 160 of this RHP.

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

We compete in ceramic tiles industry on the basis of the quality of our products, price, and distribution. The industry in which we operate is highly competitive. Factors affecting our competitive success include, amongst other things, price, demand for our products, availability of raw materials, brand recognition and reliability. Our competitors vary in size, and may have greater financial, production, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian ceramic tiles industry as compared with us. Competitive conditions in some of our segments have caused us to incur lower net selling prices and reduced gross margins and net earnings. These conditions may continue indefinitely. Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. New competitors may include foreign-based companies and domestic producers who could enter our markets. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability. Also, see “Business - Competition” on page 128.

**26. *The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted.***

In late calendar 2019, COVID-19, commonly known as “novel coronavirus” was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020.

In order to contain the spread of COVID-19 virus, the Government of India initially announced a 21-day lockdown on March 24, 2020, which, after being subject to successive extensions, had started to see some relaxation in restrictions.

During the period of the lockdown, there were several restrictions in place including travel restrictions and directive to all citizens to not move out of their respective houses unless essential. Since the lockdown required private, commercial and industrial establishments to remain closed, our manufacturing units were closed for operations from March 24, 2020 to May 31, 2020 in respect of Unit I and from March 24, 2020 to May 15, 2020 in respect of Unit II. Further during the initial stages of the lockdown our business operations were temporarily disrupted and we faced limited availability of labour, supply chain constraints and logistical problems, and we were required to follow protocols as suggested by regulatory authorities, which impacted our ability to operate our manufacturing facilities at optimum utilizations thereby causing our

manufacturing facilities to operate at a sub-optimal capacity in the month of June 2020 and July 2020. We also faced limitation on transportation of our products from our manufacturing facilities amidst the lockdown and public transport restrictions.

As a result, the COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- Revenue loss in the months of April and May to the tune of Rs. 400-500 million, as per management estimates, as there was downturn in the sales of our products. This was primarily because our manufacturing units were closed for operations from March 24, 2020 to May 31, 2020 in respect of Unit I and from March 24, 2020 to May 15, 2020 in respect of Unit II.
- adverse impact on the sales of our products due to logistical issues such as raw material availability and delivery issues and transportation problems in respect of our products to our customers and unavailability of export containers for exporting our products abroad to our customers.
- Adverse impact on production on account of unavailability/scarcity of labour. This was primarily due to the fact that a lot of labourers migrated back to their home town.
- Our products are typically supplied in real estate sector and there was a global slowdown in project execution and new launches during Apr'20 to June'20.
- certain employees contracting COVID-19, who have since recovered.
- increased risks emanating from process changes being implemented, such as increased reliance on technology, increased work-from-home measures;

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time.

Further, while restrictions imposed to curb spread of the COVID-19 virus had started to see some relaxations, however, owing to rapidly spreading second wave of the COVID-19 virus across, one or more states have imposed or may impose additional regional or local lockdowns. We cannot assure you that we may not face any difficulty in our operations due to such restrictions and such prolonged instances of lockdown may adversely affect our business, financial condition and results of operations.

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

The ultimate impact will depend on a number of factors, many of which are outside our control. These factors include the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity in India and globally, the eventual level of infections in India or in the regions in which we operate, the timely availability of vaccines in India and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus. These risks could have an adverse effect on our business, results of operations, cash flows and financial condition.

***27. Our Company is dependent on third party transportation providers, with whom we have no formal arrangements, for the delivery of our raw materials and finished goods and any disruption in their operations or a decrease in the quality of their services or an increase in the transportation costs could adversely affect our Company's reputation and results of operations.***

We rely on third parties logistic service providers, with whom we have no formal arrangement, to provide rail, trucking and other transportation facilities for the transfer of raw materials to our manufacturing facilities and the supply of finished products to our customers. We also depend on sea borne freight in respect of import and export operations. Such logistics providers are arranged on spot basis and in certain cases may not be insured for the full value of the load that they are carrying. These transportation facilities may not be adequate to support our existing and future operations and there may be disruptions of transportation and logistics services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and seaport facilities. Also, we do not own any trucks or commercial transport vehicles for all of our product distribution and input materials procurement and primarily use third-party logistic

providers for the same. Further, we undertake our import/ export activities from Mundra Port located at Gujarat and are therefore heavily dependent on the smooth functioning of the Mundra Port. In addition, any increase in the charges imposed by the operators of transportation and logistics facilities would significantly impact our costs and results of our operations. Any disruption of any of our transportation routes or facilities may adversely affect our business, financial condition, results of operations and cash flows.

**28. *Our business prospects and continued growth depends on our ability to access financing at competitive rates and competitive terms, which amongst other factors is dependent on our credit rating. Any downgrade of our credit ratings may restrict our access to capital and thereby adversely affect our business and results of operations.***

Our business depends on our ability to obtain funds at competitive rates. The cost and availability of capital, amongst other factors, is also dependent on our current and future results of operations and financial condition, our ability to effectively manage risks, our brand and our credit ratings. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates if we fail to have favourable results of operations. As on the date of the RHP, our top 3 lenders are Bank of Baroda, State Bank of India and ECL Finance Limited. We had been last rated by Brickwork ratings for our Fund based - long term borrowing as BWR BBB+ with a stable outlook and for our Non-Fund based - short term borrowing as BWR A3+. Such rating is valid till August 5, 2021. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade made to our credit ratings could lead to high borrowing costs and limit our access to capital and lending markets and, as a result, could adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

**29. *Information relating to the estimated manufacturing capacities and capacity utilization rates of our manufacturing facilities included in this RHP is based on various assumptions and estimates. Actual production and future capacity utilization rates may vary from such estimated manufacturing capacity information and historical capacity utilization rates.***

The information relating to the estimated manufacturing capacities and utilization rates of our manufacturing facilities included in this RHP is based on various assumptions and estimates of our management. Capacity additions to our manufacturing facilities have been made on an incremental basis, including through expansion of our manufacturing facilities, improving material handling and other operational efficiencies in the manufacturing process and addition of equipment or production lines from time to time. Actual production levels and future capacity utilization rates may differ significantly from the estimated manufacturing capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on the manufacturing capacity information for our existing manufacturing facilities or the historical capacity utilization rate information included in this RHP.

**30. *If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business, it may have a material adverse effect on our business, results of operations and financial condition.***

We require certain statutory and regulatory licenses, registrations and approvals to operate our business, some of which our Company has either received, applied for or is in the process of application. Further, in the future, we may also be required to obtain new licenses, registrations and approvals for any proposed or upcoming projects, including any expansion of existing projects. There can be no assurance that the relevant authorities will renew such licenses, registrations and approvals in a timely manner or at all. Further, these licenses, registrations and approvals are subject to several conditions, and we cannot assure that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by us to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our operations and may have a material adverse effect on our business. Our Company has applied for approvals and the receipt of the same are pending as on date of this Red Herring Prospectus: (i) Application dated December 2, 2019 made before the Regional Director, Central Ground Water Authority for the renewal of the No Objection Certificate (NOC) for ground water withdrawal; (ii) Application dated March 2, 2021 for obtaining NOC/Approval from Fire Department in accordance with the provisions of the Gujarat Fire Prevention and Life Safety Measures Act, 2013 in respect of our

manufacturing facilities. For further details on the licenses obtained by us and licenses for which renewal and other applications have been made, please see the chapter titled “Government and Other Statutory Approvals” beginning on page 197.

**31. There are outstanding litigation proceedings filed by our Company. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.**

There are outstanding litigation proceedings filed by our Company in relation to certain taxation matters. Further, our Company has also initiated certain criminal proceedings against various parties under the Negotiable Instruments Act, 1881. Further, there is one case of outstanding dues filed against our Company by micro and small enterprise as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Such outstanding litigation proceedings are pending at various levels of adjudication before various tribunals and other authorities.

The summary of outstanding litigation proceedings set out below includes details of criminal proceedings, taxation proceedings and material Civil litigation (as defined in the chapter titled “Outstanding Litigations and Material Developments” beginning on page 192) involving our Company.

Sr. No.	Nature of Cases	No. of outstanding cases	Amount to the extent quantifiable (in ₹ million)*
<b>Litigations filed by our Company</b>			
1.	Income Tax	4	25.05
2.	Value Added Tax	2	12.35
3.	Criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881	64	37.35
<b>Litigations filed against our Company</b>			
4.	Proceedings filed for outstanding dues to a micro and small enterprise as defined under the Micro, Small and Medium Enterprises Development Act, 2006	1	1.04

\*To the extent quantifiable excluding interest and penalty thereon

For further information, see “Outstanding Litigations and Material Developments” beginning on page 192.

There can be no assurance that these legal proceedings will be decided in our favor. While our Company has made provisions to the extent of Rs. 11.28 million, as on March 31, 2021, in respect of certain criminal proceedings initiated by it against various parties under the Negotiable Instruments Act, 1881 in its Restated Financial Statements, we cannot assure you that no additional liability will arise out of these proceedings. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations, financial condition and cash flows.

**32. We do not own the land on which our display centres and marketing offices are located.**

We do not own the land on which our display centres and marketing offices are located. These properties are taken on lease by us from third parties for a certain period. For details, please refer chapter titled “Our Business” beginning on page 119 of the RHP. If we do not comply with certain conditions of the lease, the lessor may terminate the lease, which could have an adverse effect on our operations and there can be no assurance that renewal of lease agreement with the owner will be entered into. In the event of non-renewal of lease, we may be required to shift our display centres and marketing offices to a new location and there can be no assurance that the arrangement we enter into in respect of new premises would be on such terms and conditions as the present ones.

**33. We have certain contingent liabilities that have not been provided for in our Company’s financials which if materialised, could adversely affect our financial condition.**

Our contingent liabilities as on March 31, 2021 are as under:

(₹ in million)		
Sr. No.	Particulars	As at March 31, 2021
1.	Income Tax matters – CIT Appeals	25.05

2.	Sales Tax Liability under dispute	12.35
3.	Bank guarantee issued by bank	97.67
4.	Letter of credit issued by Bank	20.51
5.	EPCG Obligation	194.36
	<b>Total</b>	<b>349.94</b>

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled “*Restated Financial Statements*” on page 160 of this RHP.

**34. *Our Company has availed export incentives in the form of duty drawback on export sales during the Fiscal 2021, 2020 and 2019.***

Our Company has availed export incentives in the form of duty drawback on export sales of Rs. 7.71 million, Rs. 5.07 million and Rs. 2.71 million during the Fiscal 2021, 2020 and 2019 respectively. Such duty drawback is availed on account of export of goods against import of raw materials in accordance with the Customs Act, 1962. Any changes in the government regulations with respect to such duty drawback scheme may adversely affect our financial condition and results of operations.

**35. *Failure or disruption of our IT and/or business resource planning systems may adversely affect our business, financial condition, results of operations, cash flows and prospects.***

We have implemented various information technology (“IT”) and/or business resource planning systems to cover key areas of our operations. We are dependent on technology in relation to customer order management and dispatches and financial accounting. We rely on our IT infrastructure to provide us with connectivity and data backup across our locations and functions. As on the date of the RHP, our IT/BRP systems are owned by us. Our server is maintained by our own employees and accounting software is maintained on an Annual Maintenance Contract basis by a third party. While the business resource planning systems that we have implemented have enabled us to improve our working capital cycles, despite an increase in our sales over the period, we can provide no assurance that we will be able to do so in the future.

We believe that we have deployed adequate IT disaster management systems including data backup and retrieval mechanisms, at our manufacturing facilities. However, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyze work in progress and sales, process financial information, manage our creditors, debtors and hedging positions, or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition, results of operations and cash flows.

**36. *Our inability to effectively manage our growth or to successfully implement our business plan and growth strategies could have an adverse effect on our business, results of operations and financial condition. The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our growth strategies requires us to develop and strengthen relationships with existing dealers and customers for our business of vitrified tiles who may drive high volume orders on an ongoing basis. To remain competitive, we seek to increase our business from existing customers and by adding new customers, as well as expanding into new geographical markets. To grow our business, we will need to hire, train, supervise and manage new employees and to implement systems capable of effectively accommodating our growth. However, we cannot assure you that any such employees will contribute to the success of our business or that we will implement such systems effectively.

Our success in implementing our growth strategies may be affected by:

- our ability to expand our dealers network;
- our ability to maintain the quality of our products;
- our ability to increase our export operations;
- our ability to increase our manufacturing capacities as well as procure goods on outsourcing basis;
- the general condition of the global economy (particularly of India and the other markets that we currently or may operate in);
- our ability to compete effectively with existing and future competitors,

- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. We also plan to enhance and develop our existing brand in India. By focusing further resources, including management time and effort, distribution and sales network and brand management on developing our brand, we will be diverting our resources from our established business of manufacturing. We may not be successful in developing our brand image as we intend to.

Further our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

While we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. We expect our growth strategies to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategies could have a material adverse effect on our business, financial condition and profitability.

**37. Our business operations are exposed to various standard financial risks such as liquidity risk, market risk and credit risk.**

Our business operations are exposed to various standard financial risks such as liquidity risk, market risk and credit risk. The sources of risk, which the Company is exposed to and how the Company manages these risks is given below:

<b>Risk</b>	<b>Exposure from</b>	<b>Measurement</b>	<b>Company Mechanism to deal with the same</b>
Credit risk	Trade receivables, Cash and cash equivalents	Aging analysis, Credit ratings	Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Trade receivables are reviewed and assessed for default on a quarterly basis. The credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.
Liquidity risk	Borrowings, Trade payables and other liabilities	Cash flow budgeted vs actuals	The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.
Market risk - Foreign Currency	Foreign currency receivables and payables; Forecasted foreign currency transactions	Cash flow forecasting and sensitivity analysis	The Company has insignificant foreign currency exposure, the overall exposure of foreign currency risk is not significant to the operations of the Company.
Market risk - Interest rate	Long-term borrowings at variable interest rates	Sensitivity analysis	The management monitors the rates of interests and continues to evaluate refinancing of debts at lower rates of interest on a regular basis.

For further details, please refer Note 39- Financial Risk Management beginning on page F-44 under the chapter titled Restated Financial Statements beginning on page 160 of the RHP.

**38. *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 customer demand.***

Our business operations are subject to hazards such as risk of equipment failure, work accidents, fire or explosion and require individuals to work under potentially dangerous circumstances. 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 or death may occur in one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations, cash flows and prospects.

In particular, if operations at our manufacturing facility 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 customer demand or committed delivery 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, financial condition, results of operations, cash flows and prospects.

**39. *An inability to renew quality accreditations in a timely manner or at all, or any deficiencies in the quality of our products may adversely affect our business prospects and financial performance.***

We obtain and maintain quality certifications and accreditations from independent certification entities and also comply with prescribed specifications and standards of quality approved by the Government in connection with the products we manufacture. Such specifications and standards of quality is an important factor in the success and wide acceptability of our products. As on date, we have obtained ISO certifications, which are valid until July 14, 2024 and Certificate of Compliance inter-alia certifying that the Company has been found to be in compliance with the requirements of CPD 89/106/EEC in respect of all kinds of ceramic and vitrified tiles, which is valid until October 28, 2023. Our Company has also obtained Certificate of Membership for being a member of the Indian Green Building Council (IGBC) Membership is valid upto December, 2021. Further, our Company has received certification from the Bureau of Indian Standards dated January 7, 2021 in respect of Indian Standard No. IS 15622:2017, which is valid until January 16, 2022. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, in a timely manner or at all, our business prospects and financial performance will be materially and adversely affected.

**40. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Further, our failure to keep our technical knowledge confidential could erode our competitive advantage.***

Our business is continually changing due to technological advances and customer preferences. These changes result in the frequent introduction of new products and services and significant price competition. If our products and technologies become obsolete for various factors, our business and results of operations could be adversely affected. Although we strive to maintain and upgrade our technologies, facilities and machinery consistent with current national and international standards, the technologies, facilities and machinery we currently use may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant, which could adversely affect our business, results of operations and financial condition.

Any failure on our part to effectively address such situations, innovate and keep up with technological advancements or to successfully introduce new products and services in these areas, could adversely affect our business, results of operations, financial condition and cash flows. Our customers may shift to other manufacturers if we do not meet their changing needs as per the requirement of the tiles industry. Further, our already existing technologies may become redundant. All these factors could adversely affect our business, results of operations, financial condition and cash flows.



- 41. Our Promoters, directors and members of the Promoter Group have provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities, which in turn may adversely impact our cash flow, business and result of operations.**

Our Promoters, directors and members of the Promoter Group have provided personal guarantees in relation to certain loan facilities availed of by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

- 42. Our Company had volatile cash flow from operations and negative cash flow from investing and financing activities during the Fiscal 2021, 2020 and 2019.**

A summary of our cash flow statement as per Restated Financial Statements for the Fiscal 2021, 2020 and is as follows:

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Net cash generated from operating activities	377.86	57.07	410.84
Net cash from/ (used) in investing activities	(17.11)	(24.50)	(52.19)
Net cash (used)/generated from financing activities	(344.23)	(42.23)	(381.86)

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations. For further details, please refer chapter titled “Restated Financial Statements” beginning on page 160 of the RHP.

- 43. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.**

We engage independent contractors through whom we engage contract labourers for performance of certain functions at our Manufacturing Facilities for the performance of non-core tasks. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.

- 44. Under-utilization of our manufacturing capacities could have an adverse effect on our business and results of operations.**

Our revenues and profits are dependent on our ability to optimise and maximise our capacity utilisation. For the Fiscals 2021, 2020 and 2019, the capacity utilisation of the Padra Manufacturing Facility was 64.43%, 83.36% and 80.45%, while the capacity utilisation of the Talod Manufacturing Facility was 71.95%, 64.56% and 47.83% respectively. If we are unable to ensure optimal utilisation of our manufacturing capacities, we may be unable to produce our products in the required quantities and enjoy benefits of economies of scale, which could have an adverse effect on our business and results of operations.

- 45. Our Promoters have interests in our Company other than the reimbursement of expenses and normal remuneration or benefits. Any such interests may result in a conflict of interest, which may have an adverse effect on our business.**

Our Promoters may be deemed to be interested in our Company, in addition to regular remuneration or benefits and reimbursements of expenses, to the extent of Equity Shares held by them, their relatives, their dividend or bonus entitlement, and benefits arising from their directorship in our Company. Therefore, some of the above interests may conflict with the duties of these persons as Promoters / Directors of the

Company. For further details, please see the chapters titled “*Capital Structure*”, “*Our Management*” and “*Our Promoters and Promoter Group*” beginning on pages 63, 141 and 154, respectively of this RHP.

- 46. *Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

Our Company has obtained insurance coverage in respect of certain risks. Our significant insurance policies consist of, among others, (i) insurance policy covering burglary and house-breaking, fire, damage to buildings, plant and machinery, furniture and stocks (raw materials and finished goods) having insurance coverage of Rs. 4,983.88 million, (ii) marine cargo open policy having insurance coverage of Rs. 588.50 million; (iii) commercial vehicle and private car package policy; and (iv) employee compensation and digit illness group insurance having insurance coverage of Rs. 316.98 million. While we have not independently assessed whether our insurance coverage is adequate, however, as per our management’s assessment, we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits, losses due to terrorism, etc. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

- 47. *We have in the past entered into related party transactions and may continue to do so in the future. These or any future related party transactions may potentially involve conflicts of interest and there can be no assurance that we could not have achieved better terms, had such arrangements been entered into with unrelated parties.***

Our Company has entered into various transactions with our Promoter, Promoter Group, Directors and their relatives. A summary of our related party transactions for the Fiscal 2021, 2020 and 2019 is as follows:

(₹ in million)

Nature of Transactions	Transaction Amount		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration to Key Managerial Personnel	3.03	3.01	4.08
Salary to Relatives of KMP's	4.30	2.40	3.84
Rent Paid	0.24	0.24	-
Loan received	5.67	44.55	5.77
Loan repaid	20.50	49.85	17.63

While we believe that all such transactions are conducted on arm’s length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions were not entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to “Note-36 Related Party Information as per Ind AS 24” beginning on page F-37 under the chapter “*Restated Financial Statements*” beginning on page 160 of the Red Herring Prospectus.

- 48. *This Red Herring Prospectus contains certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the manufacturing industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other manufacturing companies.***

Certain non-GAAP financial measures and certain other statistical information like EBITDA, EBITDA Margin, Direct Costs, PAT Margin, CAGR and others, relating to our operations and financial performance have been included in this Red Herring Prospectus. For details of such Non-GAAP measures, please refer chapters titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Our Business” beginning on page 160 and 114, respectively. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to

evaluate the operational performance of manufacturing companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

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

As on date, we have not made any alternate arrangements for meeting our capital requirements for the objects of the Offer. We meet our capital requirements through our bank finance, unsecured loans, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Offer or any shortfall in the Offer proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “*Objects of the Offer*” beginning on page 85 of this RHP.

- 50. *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 may not be 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. Our Company has not declared any dividends for the Fiscals 2021, 2020 and 2019. For details of our dividend history, see “*Dividend Policy*” on page 159 of this RHP.

- 51. *Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders’ approval.***

Our Company intends to use Net Proceeds raised pursuant to the Fresh Issue in the manner set out in the section titled “*Objects of the Offer*” on page 85. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds as disclosed in this Red Herring Prospectus without obtaining the approval of shareholders of our Company 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 approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations.

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 Fresh Issue, 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 Net Proceeds, if any, which may adversely affect our business and results of operations.

- 52. *Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, are based on management estimates and may be subject to change based on various factors, some of which beyond our control. Any changes in the estimated funding requirements could affect our business and results of operations.***

We intend to use the Net Proceeds for the purposes described in “*Objects of the Offer*” beginning on page 85. Our funding requirements are based on management estimates and our current business plans and has

not been appraised by any bank or financial institution. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Net Proceeds will be monitored by the Monitoring Agency. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as the continuing impact of the COVID-19 pandemic, interest or exchange rate fluctuations, increase in input costs, labour costs, logistics and transport costs, taxes and duties, regulatory costs, environmental factors and other external factors. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of the Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

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

Our success is substantially dependent on the expertise and services of our Directors, Promoters and our Key Managerial Personnel. While our Promoters do not possess a formal education qualification, certification or degree, they however, provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

**54. *Our Promoters and members of the Promoter Group will continue jointly to retain significant influence over our Company after the Offer, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

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

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

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

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

***Offer Specific Risks***

**56. *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 has been determined by book building method. The price is based on numerous factors (For further information, please refer chapter titled “Basis for Offer Price” beginning on page 94 of this RHP) 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 include without limitation. The following:

- 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;
- results of operations that vary from those of our competitors;
- speculation in the press or investment community;
- new laws and governmental regulations applicable to our industry;
- future sales of the Equity Shares by our shareholders;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

**57. *Our Company will not receive any proceeds from the Offer for Sale.***

The Offer includes an Offer for Sale of up to 2,238,000 Equity Shares, in the aggregate, by the Selling Shareholder. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all the Offer related expenses will be exclusively borne by our Company. The expenses of the Selling Shareholder will, at the outset, be borne by our Company and the Selling Shareholder will reimburse our Company for such expenses incurred by our Company on behalf of the Selling Shareholder, in relation to the Offer, upon successful completion of the Offer in the manner as prescribed under applicable law and agreed amongst the Company and the Selling Shareholder. For further informations, please see “*Objects of the Offer*” on page 85.

**58. *Fluctuations in the exchange rate of the Rupee and other currencies could have a material adverse effect on the value of the Equity Shares, independent of our operating results.***

The Equity Shares would be quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into appropriate foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders.

The exchange rate of the Rupee has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized in excess of Rs. 1,00,000/- on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax in India at the specified rates in case STT was paid on the sale transaction. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax (“STT”), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

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

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

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

Indian legal principles relating to these matters and 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 shareholders of our Company than as shareholders of a corporation in another jurisdiction.

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

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

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

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

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

**External Risk Factors**

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

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

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

global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

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

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

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

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign ratings have recently been downgraded. For instance, our credit rating was downgraded by Moody's from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook and by Fitch from BBB- with a "stable" outlook to BBB- with a "negative" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**67. *The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition. Hostilities, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural or man-made disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to who we export our products could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.. For instance, The Finance Act, 2020 ("Finance Act"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("DDT"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Finance Act, 2019 stipulates any sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2019 has also clarified that the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations.

Further, the Government of India has announced the union budget for Fiscal 2021, pursuant to which the Finance Act, effective from July 1, 2020, has introduced various amendments. As such, there is no certainty on the impact that the Finance Act, 2020 may have on our business and operations or on the industry in which we operate.

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

**69. *If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.***

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

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

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

**70. *Investors may not be able to enforce a judgment of a foreign court against us.***

Our Company is a company incorporated under the laws of India. All our Company's Directors and officers are residents of India and all of our assets are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

**71. *Significant differences exist between Indian GAAP and IND AS, on one hand, and other accounting principles, such as U.S. GAAP and IFRS, on the other hand, which may be material to investors' assessments of our financial condition.***

Our restated financial statements for the Financial Years 2021, 2020 and 2019 have been prepared in accordance with the Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the restated financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by



persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. In addition, some of our competitors may not present their financial statements in accordance with Ind AS and their financial statements may not be directly comparable to ours, and therefore reliance should accordingly be limited.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. We currently are exporting our products to many countries mainly Poland, Bosnia, UAE, etc. Further we are importing some raw materials from South Africa and stores from China. Financial disruptions may occur again and could impact our business, our future financial performance and the prices of the Equity Shares.

**SECTION III –INTRODUCTION**  
**SUMMARY FINANCIAL INFORMATION**

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**EXXARO TILES LIMITED**  
(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)  
**Restated Statement of Assets and Liabilities**

(Rs. In millions)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>I. ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Plant, Property and Equipments	3	1,594.12	1,718.88	1,846.99
(b) Intangible Assets	3	-	-	0.50
(c) Financial Assets				
(i) Non-Current Investments	4	13.68	13.68	-
(ii) Other Non-Current Financial Assets	5	12.37	13.29	13.76
<b>Total Non-Current Assets</b>		<b>1,620.17</b>	<b>1,745.85</b>	<b>1,861.25</b>
<b>Current Assets</b>				
(a) Inventories	6	1,043.36	1,054.51	794.76
(b) Financial Assets				
(i) Trade Receivable	7	900.82	963.57	833.62
(ii) Cash and Cash Equivalents	8	21.80	5.28	14.95
(iii) Bank Balances Other Than (ii) Above	9	31.32	30.12	29.98
(iv) Loans	10	0.51	0.51	0.43
(v) Other Financial Assets	11	1.54	0.20	-
(c) Other Current Assets	12	73.62	70.50	47.57
<b>Total Current Assets</b>		<b>2,072.97</b>	<b>2,124.69</b>	<b>1,721.30</b>
<b>TOTAL ASSETS</b>		<b>3,693.14</b>	<b>3,870.55</b>	<b>3,582.55</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	13	335.55	335.55	335.55
b) Other Equity	14	1,024.83	871.84	759.03
<b>Total Equity</b>		<b>1,360.38</b>	<b>1,207.39</b>	<b>1,094.58</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowings	15	699.16	863.82	880.46
(ii) Other Financial liabilities	16	4.21	6.96	20.05
b) Deferred Tax Liabilities (Net)	17	29.97	43.14	56.56
c) Long Term Provisions	18	10.50	8.96	6.92
<b>Total non Current Liabilities</b>		<b>743.83</b>	<b>922.88</b>	<b>963.99</b>
<b>Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowings	19	734.75	757.16	554.17
(ii) Trade Payables	20	508.73	697.20	575.88
(iii) Other Financial Liabilities	21	228.14	196.78	257.31
b) Other Current Liabilities	22	54.76	60.45	90.72
c) Short Term Provisions	23	32.91	2.50	22.22
d) Current Tax Liabilities (Net)	24	29.65	26.19	23.69
<b>Total Current Liabilities</b>		<b>1,588.93</b>	<b>1,740.28</b>	<b>1,523.98</b>
<b>Total Liabilities</b>		<b>2,332.76</b>	<b>2,663.16</b>	<b>2,487.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,693.14</b>	<b>3,870.55</b>	<b>3,582.55</b>

The above statement shall be read in conjunction with accompanying notes

As per our Report of even date

For and on behalf of the Board of Directors,

For H B Kalaria & Associates

Chartered Accountants

FRN : 104571W

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholetime Director  
DIN: 01918094

Hasmukh B Kalaria

Partner

Membership No.: 042002

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

**EXXARO TILES LIMITED**  
(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")

**Restated Statement of Profit and Loss**

(Rs. In millions)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from Operations	25	2,551.45	2,407.42	2,422.51
II. Other Income	26	47.08	32.22	17.56
<b>III. Total Revenue (I + II)</b>		<b>2,598.53</b>	<b>2,439.64</b>	<b>2,440.06</b>
<b>IV. Expenses:</b>				
Cost of Materials Consumed	27	779.96	949.45	836.54
Purchases of Stock-in-Trade	28	76.81	70.05	44.12
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(12.68)	(306.46)	70.26
Employee Benefits Expense	30	192.55	265.24	291.05
Finance Costs	31	212.60	197.18	178.28
Depreciation and Amortization Expense	3	136.34	142.97	140.81
Other Expenses	32	1,041.36	999.53	802.24
<b>Total Expenses</b>		<b>2,426.93</b>	<b>2,317.96</b>	<b>2,363.31</b>
<b>V. Profit before exceptional items and tax (III-IV)</b>		<b>171.61</b>	<b>121.69</b>	<b>76.76</b>
VI. Exceptional income/(expenses)-Net		-	-	-
<b>VII. Profit before tax (V + VI)</b>		<b>171.61</b>	<b>121.69</b>	<b>76.76</b>
<b>VIII. Tax expense:</b>	33			
(1) Current tax		30.72	22.50	20.00
(2) MAT credit availed / (entitlement)		(11.13)	(18.08)	(17.92)
(3) Deferred tax liability/(assets)		(2.30)	4.58	(14.50)
(4) Prior Period Tax		2.08	0.10	0.00
<b>IX. Profit for the year from continuing operations (VII-VIII)</b>		<b>152.23</b>	<b>112.59</b>	<b>89.17</b>
<b>X. Other Comprehensive Income/(Expense) (OCI) net of tax expense</b>				
(1) Items that will not be reclassified to Profit and Loss Account		1.03	0.29	0.76
Less: Income Tax impact on above		0.27	0.08	0.20
(2) Items that will be reclassified to Profit and Loss Account		-	-	-
Less: Income Tax impact on above		-	-	-
<b>XI. Total Other Comprehensive Income/(Expenses) (OCI) net of tax expense</b>		<b>0.76</b>	<b>0.22</b>	<b>0.56</b>
<b>XII. Total Comprehensive Income (IX + XI)</b>		<b>152.99</b>	<b>112.80</b>	<b>89.73</b>
<b>XIII. Earnings per equity share of Rs. 10 each</b>	34			
(1) Basic		4.54	3.36	2.66
(2) Diluted		4.54	3.36	2.66

The above statement shall be read in conjunction with accompanying notes

As per our Report of even date

For and on behalf of the Board of Directors,

For H B Kalaria & Associates

Chartered Accountants

FRN : 104571W

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholtime Director  
DIN: 01918094

Hasmukh B Kalaria

Partner

Membership No.: 042002

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

### Restated Statement of Changes in Equity

(Rs. In millions)

The above statement shall be read in conjunction with accompanying notes

**For and on behalf of the Board of Directors,**

Talod (Sabarkantha), July 8, 2021

**EXXARO TILES LIMITED**  
(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")  
**Restated Statement of Cash Flows**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash Flow from Operating Activity</b>			
Net Profit Before Tax	171.61	121.69	76.76
Adjustments For:			
Depreciation	136.34	142.97	140.81
Interest & Financial Expenses	212.60	197.18	178.28
(Profit)/Loss on sale of Fixed Asset	0.59	-	-
Bad Debts written off	1.32	-	3.60
Other Excess Provisions Written Back	-	-	-
Interest Received on Deposits	(3.43)	(3.09)	(2.98)
Provision for Debtors	5.59	4.24	5.63
Operating profit before Working Capital Changes	524.61	463.00	402.09
Adjustment For:			
Inventories	11.15	(259.75)	99.70
Trade Receivables	55.84	(134.19)	(152.63)
Other Non-Current Financial Assets	0.92	0.47	(0.98)
Financial Assets- Loans	(0.00)	(0.08)	0.59
Short-term loans and advances	(0.15)	(23.13)	(15.69)
Trade Payables	(188.47)	121.32	55.92
Short-term Provisions	30.41	(19.72)	(19.81)
Other Non-current Financial Liabilities	(2.76)	(13.09)	(4.14)
Long-term Provisions	2.56	2.34	2.42
Other Current Liabilities	(5.69)	(30.27)	16.89
Other Current Financial Liabilities	(21.20)	(29.72)	35.04
Taxes Paid	(29.35)	(20.10)	(8.56)
<b>Cash Generated from Operations</b>	<b>377.86</b>	<b>57.07</b>	<b>410.84</b>
<b>B. Cash Flow from Investment Activities</b>			
Changes in Creditors for Fixed Assets	(2.87)	0.59	(63.69)
Purchase of Property, Plant and Equipments	(13.42)	(14.37)	(30.30)
Purchase of Intangible assets	1.26	-	-
Proceeds from sale of PPE	-	-	1.30
Bank Balances not considered as Cash Equivalent	(1.20)	(0.14)	36.47
Change in Short-term loans and advances - Capital Advance	(2.97)	0.21	1.06
Purchase of Investment	0.00	(13.68)	-
Interest Received	2.09	2.89	2.98
<b>Net Cash Flow from Investment Activities</b>	<b>(17.11)</b>	<b>(24.50)</b>	<b>(52.19)</b>
<b>C. Cash Flow from Financial Activities:</b>			
Changes in Long Term Borrowings (Net)	(109.22)	(48.04)	(256.83)
Changes in Short Term Borrowings (Net)	(22.41)	202.99	53.25
Interest & Financial Expenses	(212.60)	(197.18)	(178.28)
<b>Net Cash Flow from Financial Activities</b>	<b>(344.23)</b>	<b>(42.23)</b>	<b>(381.86)</b>
<b>Total of Cash Flow (A+B+C)</b>	<b>16.52</b>	<b>(9.66)</b>	<b>(23.21)</b>
<b>Cash &amp; Cash Equivalent at the beginning of the year</b>	<b>5.28</b>	<b>14.95</b>	<b>38.16</b>
<b>Cash &amp; Cash Equivalent at the ending of the year</b>	<b>21.80</b>	<b>5.28</b>	<b>14.95</b>
<b>Cash &amp; Cash Equivalent comprising of</b>			
Cash on Hand	0.65	1.00	0.28
Balances with Scheduled Banks	21.15	4.28	14.67
	<b>21.80</b>	<b>5.28</b>	<b>14.95</b>

**Note:** 1. The above statement shall be read in conjunction with accompanying notes  
2. Previous year's figures have been regrouped wherever necessary to confirm this year's classification.

**As per our Report of even date**  
**For H B Kalaria & Associates**  
**Chartered Accountants**  
**FRN : 104571W**

**For and on behalf of the Board of Directors,**

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholtime Director  
DIN: 01918094

**Hasmukh B Kalaria**  
**Partner**  
**Membership No.: 042002**

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

## THE OFFER

The following table summarises the Offer details:-

Particulars	Number of Equity Shares
Offer <sup>(1)</sup>	Upto 13,424,000 Equity Shares aggregating upto ₹ [●] million
<i>The Offer consists of:</i>	
Fresh Issue	Upto 111,86,000 Equity Shares aggregating upto ₹ [●] million
Offer for Sale <sup>(2)</sup>	Upto 2,238,000 Equity Shares aggregating upto ₹ [●] million
<i>Of which:</i>	
Employee Reservation Portion <sup>(3)</sup>	Upto 268,500 Equity Shares aggregating upto ₹ [●] million
<i>Therefore,</i>	
Net Offer of Equity Shares to Public	Upto [●] Equity Shares aggregating upto ₹ [●] million
<i>Of which</i>	
A) QIB Portion <sup>(4) (5)</sup>	Not more than [●] Equity Shares
<i>Of which:</i>	
Anchor Investor Portion	Upto [●] Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>Of which:</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding Anchor Investor Portion))	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion <sup>(5)</sup>	Not less than [●] Equity Shares
C) Retail Portion <sup>(5)</sup>	Not less than [●] Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	33,555,070 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares.
<b>Use of Net Proceeds</b>	Kindly refer to the chapter titled “Objects of the Offer” beginning on page 85 of this Red Herring Prospectus for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

(1) The Offer has been authorised by a resolution by our Board of Directors dated January 8, 2021 and a resolution of our Shareholders dated January 18, 2021.

(2) The Equity Shares being offered by the Selling Shareholder have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. The Selling Shareholder has confirmed and approved his portion in the Offer for Sale as set out below:

Selling Shareholder	Number of Equity Shares Offered	Date of Transmittal Letter
Dixitkumar Patel	Upto 2,238,000	January 25, 2021

(3) In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000.00, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000.00. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹ 500,000.00), shall be added to the Net Offer. Our Company and the Selling Shareholder in consultation with the BRLM, may offer a discount of up to 10% of the Offer Price to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Offer Opening Date.

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from other category or a combination of categories at the discretion of our Company and Selling Shareholder in consultation with the BRLM and the Designated Stock Exchange subject to applicable law. 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) of the Securities Contracts (Regulation) Rules, 1957, Equity Shares will be Allotted under the Offer for Sale in proportion to the Offered Shares being offered by the Selling Shareholder. For

avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares is Allotted in the Offer. In the event of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in “Terms of the Offer” on page 210.

(5) Our Company and the Selling Shareholder may, in consultation with the BRLM, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will be accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors, which shall be a price determined by our Company and the Selling Shareholder in consultation with the BRLM. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the QIB Category. 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 (other than Anchor Investors), 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 further details, see “Offer Procedure” on page 219

**Notes:**

- Allocation to all categories, other than Anchor Investors and Retail Individual Investors, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For details, see “Offer Procedure” on page 219
- For details, including grounds for rejection of Bids, refer to “Offer Structure” and “Offer Procedure” on page 215 and 219 respectively. For details of the terms of the Offer, see “Terms of the Offer” on page 210.



## GENERAL INFORMATION

Our Company was incorporated as ‘Ricasil Ceramic Industries Private Limited’ on January 2, 2008 under Part IX of the Companies Act, 1956, with the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli pursuant to conversion of M/s. Ricasil Ceramic Industries, a partnership firm. The partnership firm was originally formed by a partnership deed dated May 14, 2007 read with supplementary partnership deeds dated December 7, 2007 and December 20, 2007, respectively. This firm was thereafter converted into a private company pursuant to a certificate of incorporation dated January 2, 2008 in the name of “Ricasil Ceramic Industries Private Limited”. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on February 12, 2018, the name of our Company was changed to Exxaro Tiles Private Limited. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by Shareholders of our Company at the Extraordinary General Meeting held on December 9, 2020. The name of our Company was changed to its present name ‘Exxaro Tiles Limited’, pursuant to a fresh Certificate of Incorporation issued by the Registrar of Companies, Ahmedabad on December 28, 2020. The CIN of our Company is U26914GJ2008PLC052518. For details pertaining to the conversion of the partnership firm into our Company and to the changes in our name and the address of our Registered Office, please refer to the chapter titled “History and Certain Corporate Matters” beginning on page 137.

### Registered Office

Survey No. 169 & 170,  
Vavdi Harsol Road,  
At & Po.: Mahelav,  
Taluka: Talod,  
District.: Sabarkantha - 383 305,  
Gujarat, India.

**Tel No:** +02772-350555

**Fax No.:** N.A.

**Email:** info@exxarotiles.com

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

**Registration Number:** 052518

**Corporate Identification Number:** U26914GJ2008PLC052518

*For details relating to changes in our registered office, see the section titled “History and Certain Corporate Matters - Changes in Registered Office” on page 137.*

### ADDRESS OF REGISTRAR OF COMPANIES

Our Company is registered with the RoC, situated at the following address:

#### Office of the Registrar of Companies

RoC Bhavan,  
Opp. Rupal Park Society  
Behind Ankur Bus Stop,  
Ahmedabad,  
Gujarat, India, 380013  
Tel No.: +07927438531  
Fax: +07927438371

### Board of Directors

As on the date of this Red Herring Prospectus, the Board of Directors of our Company consists of the following:

Name	Designation	DIN	Address
Mr. Mukeshkumar Patel	Chairman and Managing Director	01944968	Nasinhpura, P.O. Kukadiya, Tal. – Idar, Dist. - Sabarkantha, Pin: 383410, Gujarat.
Mr. Kirankumar Patel	Whole-Time Director	01918094	Rampur, Ta. – Idar, Post – Ganthiol, Dist. – Sabarkantha, Pin – 383410 Gujarat.
Mr. Dineshbhai Patel	Whole-Time Director	01917917	At –Laxmanpura, P.O. Goral, Ta. – Idar, Sabarkantha, Pin – 383410, Gujarat, India.
Mr. Kamal Dave	Independent Director	09017140	9, Utkarsh Society, Bhudarpura, Ambawadi, Ahmedabad City, Ambawadi Vistar, Ahmedabad, Pin – 380015, Gujarat,

Name	Designation	DIN	Address
			India
Mr. Daxeshkumar Thakkar	Independent Director	03522026	Krishnakunj Petrolpump Road, Gambhoi, Sabarkanttha, Pin – 383030, Gujarat, India.
Mrs. Nidhi Gupta	Independent Director	09019444	C 201, Kaveri Sangam, Near Shilaj Cross Road, Shilaj Thaltej, VTC: Shilaj, District: Shilaj, P.O. – Ahmedabad, Pin- 380058, Gujarat.

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 141.

#### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

##### **Mr. Paras Shah**

Survey No. 169 & 170,  
Vavdi Harsol Road,  
At & Po.: Mahelav,  
Taluka: Talod,  
District.: Sabarkantha - 383 305,  
Gujarat, India  
**Tel No.:** +02772-350555

**Fax No.:** N.A.

**Email:** [cs@exxarotiles.com](mailto:cs@exxarotiles.com)

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

#### **CHIEF FINANCIAL OFFICER**

##### **Mr. Himanshu Shah**

Survey No. 169 & 170,  
Vavdi Harsol Road,  
At & Po.: Mahelav,  
Taluka: Talod,  
District.: Sabarkantha - 383 305,  
Gujarat, India  
**Tel No.:** +02772-350555

**Fax No.:** N.A.

**Email:** [cfo@exxarotiles.com](mailto:cfo@exxarotiles.com)

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

#### **Investor grievances**

**Bidders are advised to contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of funds by electronic mode etc.**

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

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

All grievances relating to the UPI mechanism may be addressed to the Registrar to the Offer with a copy to the relevant Sponsor Bank or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any of the Brokers Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares

applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the Bid was submitted, and the UPI ID of the UPI ID Linked Bank Account in which the amount equivalent to the Bid Amount was blocked.

All grievances relating to Bids submitted through the Registered Broker and/or a Stock Broker may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

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

#### **BOOK RUNNING LEAD MANAGER**

**Pantomath Capital Advisors Private Limited,**

406-408, Keshava Premises

Bandra Kurla Complex, Bandra East

Mumbai – 400 051

**Tel:** +91 22 6194 6700

**Fax:** +91 22 2659 8690

**Email:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)

**Investor Grievance Email:** [ipo@panthomathgroup.com](mailto:ipo@panthomathgroup.com)

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

**Contact Person:** Ms. Kruthika Shetty

**SEBI Registration No:** INM000012110

#### **Legal Counsel to the Offer**

**M/s. Kanga and Company**

Advocates & Solicitors,

Readymoney Mansion,

43, Veer Nariman Road,

Mumbai – 400 001.

**Tel No:** +91 22 6623 0000

**Fax No:** +91 22 6633 9656/6633 9657

**Email:** [chetan.thakkar@kangacompany.com](mailto:chetan.thakkar@kangacompany.com)

**Contact Person:** Mr. Chetan Thakkar

#### **Statutory Auditor to our Company**

**H.B. Kalaria & Associates, Chartered Accountants**

A-601/602, The Imperial Heights, Opp. Big Bazaar,

150 ft. Ring Road, Rajkot – 360 005.

**Tel:** +0281-2581501/02/03.

**Email:** [hbkalaria@gmail.com](mailto:hbkalaria@gmail.com)

**Contact person:** Mr. Hasmukh Kalaria

**Membership No.:** 042002.

**Peer Review Number:** 010958.

**Firm Registration Number:** 104571W

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

Except as disclosed below, there has been no change in Auditors during the last three years:

Our Company had appointed M/s. Purvi Jignesh Shah & Co., Chartered Accountants, Ahmedabad as Statutory Auditors of the Company in place of M/s. J. T. Shah & Co., Chartered Accountants, Ahmedabad, vide board resolution dated March 29, 2018 and shareholders resolution dated April 23, 2018, on account of pre-occupation.

Our Company had appointed M/s. SJVP And Associates, Chartered Accountants, as Statutory Auditors of the Company in place of M/s. Purvi Jignesh Shah & Co., Chartered Accountants, as Statutory Auditors of the Company vide board resolution dated June 27, 2018 and shareholders resolution passed at the annual general meeting dated September 29, 2018, on account of pre-occupation.

Our Company has appointed M/s. H.B. Kalaria & Associates, Chartered Accountants, the current Statutory Auditors of the Company in place of M/s. SJVP And Associates, Chartered Accountants, as Statutory Auditors of the Company vide board resolution dated November 1, 2020 and shareholders resolution passed at the annual general meeting dated November 10, 2020 as M/s. H.B. Kalaria Associates, Chartered Accountants have been peer reviewed and hold a valid peer reviewed certificate.

**Registrar to the Offer**

**Link Intime India Private Limited**

C-101, 247 Park, 1<sup>st</sup> Floor,  
L.B.S. Marg, Vikhroli (W),  
Mumbai - 400 083.  
Maharashtra, India.

**Tel:** +91 22 4918 6200

**Fax:** +91 22 4918 6195

**Email:** [exxaro.ipo@linkintime.co.in](mailto:exxaro.ipo@linkintime.co.in)

**Investor Grievance Email:** [exxaro.ipo@linkintime.co.in](mailto:exxaro.ipo@linkintime.co.in)

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Shanti Gopalkrishnan

**SEBI Registration Number:** INR000004058

**BANKERS TO OUR COMPANY**

**State Bank of India**

**Overseas Branch, Ahmedabad**

A-FF-1, 1<sup>st</sup> Floor,  
Iscon Elegance,  
S.G. Highway,  
Prahladnagar Cross Road,  
Ahmedabad – 380 015.

**Tel** – +7600041562

**Fax-** +7968154007

**Email:** [rm3.obahm@sbi.co.in](mailto:rm3.obahm@sbi.co.in)

**Contact Person:** Shri Prasanta Kumar

*Vide Consent Letter dated February 15, 2021, State Bank of India has accorded its consent for the initial public offering of Equity Shares of the Company.*

**Bank of Baroda**

Motipura Branch  
Trimurti Avenue,  
Sahakari Jin Char Rasta,  
Himmatnagar,  
Pin – 383 001.

**Tel-** 02772-246742

**Fax** – 02772-246742

**Email** – [Motipu@bankofbaroda.com](mailto:Motipu@bankofbaroda.com)

**Contact Person:** D.S. Parmar

*Vide Consent Letter dated February 18, 2021, Bank of Baroda has accorded its consent for the initial public offering of Equity Shares of the Company.*

**SYNDICATE MEMBERS**

**Pentagon Stock Brokers Private Limited**

*(formerly known as Pantomath Stock Brokers Private Limited)*

108, Madhava Premises,  
Behind Family Court,  
Bandra Kurla Complex,  
Bandra East, Mumbai 400051

**Tel:** +91 22 42577000

**Email:** [subhash.vishwakarma@pentagonbroking.com](mailto:subhash.vishwakarma@pentagonbroking.com)

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

**Contact Person:** Subhash Vishwakarma  
**SEBI Registration Number:** INZ000068338

## **BANKERS TO THE OFFER**

*Escrow Collection Bank, Public Offer Account Bank, Refund Bank and Sponsor Bank*

### **Axis Bank Limited**

SG Highway Branch,  
Ground Floor, SG Highway,  
Ahmedabad – 380054.

**Tel.:-** +91 8980802971

**Email:** [sghighway.branchhead@axisbank.com](mailto:sghighway.branchhead@axisbank.com)

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

**Contact Person:** Niranjan Gupta

**SEBI Registration number:** INBI00000017

## **SELF CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of the SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> as updated from time to time. For details of the Designated Branches of SCSBs which shall collect Bid cum Application Forms, refer to the above-mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form are provided on the aforementioned website of SEBI.

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. For details on Designated Branches of SCSBs collecting the Bid Cum Application Forms, please refer to the aforementioned SEBI link.

## **SELF CERTIFIED SYNDICATE BANKS ELIGIBLE AS SPONSOR BANKS FOR UPI MECHANISM**

The list of SCSBs through which Bids can be submitted by RIIs using the UPI Mechanism, including details such as the eligible Mobile Apps and UPI handle which can be used for such Bids, is available on the website of the SEBI, and may be updated from time to time or at such other website as may be prescribed by SEBI from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019. The said list shall be updated on the SEBI website from time to time (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>).

## **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 [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI 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 [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

## **REGISTERED BROKERS**

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit the Bid cum Application Forms to Registered Brokers at the Broker Centres.

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

## COLLECTING DEPOSITORY PARTICIPANTS

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through CDPs who are depository participants registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of the CDPs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

## COLLECTING RTAs

In terms of SEBI circular no. CIR/CFD/ POLICYCELL/11/2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms through Collecting RTAs who are registrars and transfer agents registered with SEBI and have furnished their details to Stock Exchanges for acting in such capacity.

The list of Collecting RTAs, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively.

## STATEMENT OF RESPONSIBILITIES

Pantomath Capital Advisors Private Limited is the sole Book Running Lead Manager to the Offer and all the responsibilities relating to co-ordination and other activities in relation to the Offer shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

## CREDIT RATING

This being a Public Offer of Equity Shares, there is no requirement of credit rating for the Offer.

## IPO GRADING OF THE OFFER

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

## EXPERTS

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

Our Company has received written consent from the Auditor, M/s. H.B. Kalaria & Associates, Chartered Accountants, who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this RHP and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of (i) the examination reports on the Restated Financial Statements dated July 8, 2021; and (ii) the statement of special tax benefits dated March 13, 2021, included in this RHP and such consents have not been withdrawn as on the date of this RHP.

## TRUSTEES

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

## MONITORING AGENCY

Our Company has appointed Axis Bank Limited as the Monitoring Agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Their contact details are as follows: **Axis Bank Limited**

SG Highway Branch,

Ground Floor, SG Highway,

Ahmedabad – 380054.

**Tel.:-** +91 8980802971

**Email:** [sghighway.branchhead@axisbank.com](mailto:sghighway.branchhead@axisbank.com)

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

**Contact Person:** Niranjana Gupta

**SEBI Registration number:** INBI00000017

## APPRAISING AGENCY

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

## FILING OF THE OFFER DOCUMENT

A copy of the DRHP has been filed with the Securities Exchange Board of India at the SEBI Bhavan, Western



Regional Office, Panchvati, First Lane, Gulbai Tekra Road, Ahmedabad – 380 006. A copy of the Draft Red Herring Prospectus, has been submitted to SEBI on [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in) in accordance with SEBI circular dated March 27, 2020, in relation to “Easing of Operational Procedure –Division of Issues and Listing – CFD”; and has been filed with SEBI electronically on the platform provided by SEBI at <https://siportal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

A copy of this Red Herring Prospectus, along with the documents required to be filed under section 32 of the Companies Act, 2013, has been delivered for registration to the RoC and a copy of the Prospectus to be filed under Sections 26 and 32 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies located at RoC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Ahmedabad, Gujarat, India, 380013.

## **BOOK BUILDING PROCESS**

The book building, in context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by our Company and the Selling Shareholder in consultation with the BRLM, and advertised in English editions of Business Standard, Hindi editions of Business Standard and Gujarat edition of Gujarat Today (which are widely circulated English, Hindi and Gujarati newspapers, Gujarati being the regional language of Gujarat, where our Registered Office is located) at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of upload on its website. The Offer Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLM, after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company;
- (2) the Selling Shareholder;
- (3) the BRLM;
- (4) the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters;
- (5) the Registrar to the Offer;
- (6) the Escrow Collection Banks/ Bankers to the Offer;
- (7) the Sponsor Bank(s);
- (8) the SCSBs; and
- (9) the Registered Brokers.

The Offer is being made through the Book Building Process wherein not more than 25 % of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder, in consultation with the BRLM may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis. 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 35% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 40% of the Net Offer shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the 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 a combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLM and the Designated Stock Exchange.

Further, upto ₹ [•] million shall be reserved for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. Any unsubscribed portion in Employee Reservation Category shall be added to the Net Offer to the public. 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 and the Selling Shareholder in consultation with the BRLM and the Designated Stock Exchange.

**All potential Bidders (excluding Anchor Investors) are mandatorily required to utilize the ASBA process to participate in the Offer by providing details of their respective bank account which will be blocked by the SCSBs. Retail Individual Bidders can also participate in the Offer through the UPI mechanism under the ASBA process by providing details of their respective UPI ID Linked Bank Account which will be blocked upon acceptance of the UPI Mandate Request initiated by the Sponsor Bank. Anchor Investors are not permitted to participate through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees can revise their Bids during the Bidding/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.**

For further details, see the chapters titled “*The Offer*”, “*Terms of the Offer*” and “*Offer Procedure*” beginning on pages 53, 210 and 219, respectively.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for the Offer. In this regard, our Company has appointed the BRLM to manage the Offer and procure subscriptions to the Offer.

**The Book Building Process under the SEBI ICDR Regulations is subject to change from time to time and Bidders are advised to make their own judgment about an investment through the Book Building Process prior to submitting a Bid.**

For further details on the method and procedure for Bidding, please refer to the chapters titled “*Offer Structure*” and “*Offer Procedure*” beginning on pages 215 and 219, respectively.

## **UNDERWRITING AGREEMENT**

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

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:  
(*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC*)

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

The above mentioned is indicative underwriting and will be finalized after determination of the Offer Price and actual allocation subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/IPO Committee, at its meeting held on [●], approved the acceptance and entering into the Underwriting Agreement mentioned above on behalf of our Company.

Notwithstanding the table above, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to the Equity Shares allocated to the 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 purchases for, or subscribe the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting agreement shall list out the role and obligations of each Syndicate Member, and *inter alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the bidders at the time of Bidding. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.



## CAPITAL STRUCTURE

Our Share capital, as at the date of this RHP and after the proposed Offer is set forth below: -

Particulars		Aggregate Value at Face value	Aggregate Value at Offer Price*
<b>A.</b>	<b>AUTHORISED SHARE CAPITAL<sup>(1)</sup></b>		
	56,000,000 shares	560,000,000	
	Consisting of:		
	50,000,000 Equity Shares of ₹ 10/- each	500,000,000	
	6,000,000 Preference Shares of ₹ 10/- each	60,000,000	
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	33,555,070 Equity Shares of ₹ 10/- each	335,550,700	
	2,812,529 Non-cumulative Non-convertible Redeemable Preference Shares of ₹ 10/- each	28,125,290	
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS RHP</b>		
	Offer of upto 13,424,000 Equity Shares	134,240,000	[●]
	Comprising:		
	Fresh Issue of upto 11,186,000 Equity Shares aggregating upto ₹ [●] million <sup>(2)</sup>	111,860,000	[●]
	Offer for Sale of upto 2,238,000 Equity Shares aggregating upto ₹ [●] million <sup>(3)</sup>	22,380,000	[●]
	Of Which:		
	Employee Reservation Portion of upto 268,500 Equity Shares aggregating to ₹ [●] million not exceeding 5% of the Post-Offer Equity Share Capital of our Company. <sup>(4)</sup>	2,685,000	[●]
	Net Offer of upto [●] Equity Shares:	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares of ₹10/- each		[●]
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer	342,737,732	
	After the Offer		[●]

\*To be included upon finalisation of the Offer Price.

(1) For details in relation to the changes in the authorised share capital of our Company, please refer to section titled “History and Certain Corporate Matters - Amendments to our Memorandum of Association” on page 139.

(2) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on January 8, 2021 and authorised by our Shareholders pursuant to their resolution dated January 18, 2021.

(3) The Equity Shares being offered by the Selling Shareholder have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details on authorisation of the Selling Shareholder in relation to his portion of Offered Shares, please refer to the chapters titled “The Offer” and “Other Regulatory and Statutory Disclosures” on pages 53 and 199 respectively.

(4) Our Company and the Selling Shareholder in consultation with the BRLM, may offer an Employee Discount of up to 10% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date.

### Notes to Capital Structure

#### 1. Share Capital history of our Company

Our Company was formed pursuant to the conversion of a partnership firm, M/s Ricasil Ceramic Industries (the “Partnership Firm”) into our Company, a joint stock company under Part IX of the

Companies Act, 1956. Pursuant to such conversion, the business of the Partnership Firm was taken over by our Company. Upon conversion of the Partnership Firm into our Company, the erstwhile partners, namely Kacharabhai Patel, Shaileshkumar Patel, Ramanbhai Patel, Mukeshkumar Patel, Hasmukhbhai M. Patel, Kirankumar Patel, Mukeshbhai K. Patel were issued 15,000 Equity Shares in proportion to their contribution of capital in the Partnership Firm, represented by their respective shares in the capital account of the Partnership Firm. For further details, please refer to the section titled “History and Certain Corporate Matters – Conversion of Partnership Firm into our Company” on page 137.

**A. The following table sets forth the history of the Equity Share Capital of our Company:**

Date of allotment of Equity Shares	No. of Equity Shares Allotted	Face Value per Equity Share (in ₹)	Issue Price Per Equity Share (in ₹)	Nature of consideration	Reasons/ Nature of allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Share Capital (in ₹)
January 2, 2008	15,000	10	10	Pursuant to the conversion of the capital account of partnership firm	Subscription to MoA <sup>(1)</sup>	15,000	150,000
August 14 <sup>th</sup> 2008	525,255	10	20	Cash	Further issue <sup>(2)</sup>	540,255	5,402,550
March 29 <sup>th</sup> 2011	226,500	10	10	Cash	Further issue <sup>(3)</sup>	766,755	7,667,550
October 21 <sup>st</sup> 2013	13,230,089	10	15	Cash	Further issue <sup>(4)</sup>	13,996,844	139,968,440
March 31 <sup>st</sup> 2014	3,921,807	10	15	Cash	Further issue <sup>(5)</sup>	17,918,651	179,186,510
March 31 <sup>st</sup> 2015	8,029,475	10	17	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares <sup>(6)#</sup>	259,481,26	259,481,260
March 31 <sup>st</sup> 2016	5,718,124	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares <sup>(7)#</sup>	31,666,250	316,662,500.
March 31 <sup>st</sup> 2017	1,230,877	10	55	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares <sup>(8)#</sup>	32,897,127	328,971,270
March 31 <sup>st</sup> 2018	657,943	10	110	Cash	Conversion of Unsecured Loans availed by Company into Equity Shares by way of Rights issue <sup>(9)#</sup>	33,555,070	335,550,700

- (1) Allotment to Kacharabhai Patel (2,400 Equity Shares), to Shaileshkumar Patel (600 Equity Shares), to Ramanbhai K. Patel (2,400 Equity Shares), to Mukeshkumar Patel (2,400 Equity Shares), Hasmukhbhai M. Patel (2,400 Equity Shares), Kirankumar Patel (2,400 Equity Shares), Mukeshbhai K. Patel (2,400 Equity Shares) pursuant to conversion of the partnership firm, M/s Ricasil Ceramic Industries, into our Company, a joint stock company under Part IX of the Companies Act, 1956. These Equity Shares were issued in proportion to the respective share held by each of the partners in the capital account of the partnership firm. For details, please refer to section titled "History and Certain Corporate Matters – Conversion of Partnership Firm into our Company" on page 137.
- (2) Allotment to Atulbhai Patel (5,000 Equity Shares), To Becharabhai Patel (17,250 Equity Shares), To Dharmendrakumar Patel (33,150 Equity Shares), To Dhirajkumar Patel (10,000 Equity Shares), To Dineshbhai Patel (7,500 Equity Share), To Hareshkumar Patel (12,500 Equity Shares), To Hasmukhbhai M. Patel (11,600 Equity Shares), To Hasmukhbhai P. Patel (13,690 Equity Shares), To Hiteshkumar Patel (23,750 Equity Shares), To Jashubhai Patel (52,500 Equity Shares), To Jayantibhai Patel (6,250 Equity Shares), To Jayeshbhai Patel (750 Equity Shares), To Kacharabhai Patel (36,565 Equity Shares), To Kalpesh Patel (1,000 Equity Shares), To Lakhuben Patel (8,500 Equity Shares), To Lakhbhai Patel (15,000 Equity Shares), To Madhuben Patel (5,000 Equity Shares), To Maheshbhai Patel (22,500 Equity Shares), To Mukeshkumar Patel (6,275 Equity Shares), To Mukeshbhai K. Patel (32,250 Equity Shares), Narsinhbhai Patel (3,575 Equity Shares), To Jasvantkumar Patel (20,820 Equity Shares), To Kamleshkumar Patel (26,220 Equity Shares), To Nareshkumar Patel (3,060 Equity Shares), To Pravinbhai Patel (20,000 Equity Shares), To Pravinbhai Rabadiya (10,000 Equity Shares), To Rajendrakumar Patel (10,250 Equity Shares), To Rajeshkumar Patel (750 Equity Shares), To Ramanbhai Patel (45,200 Equity Shares), To Santilal Patel (26,100 Equity Shares), To Sureshbhai Patel (10,000 Equity Shares), To Vinubhai Patel (27,500 Equity Shares), To Vipulkumar Patel (750 Equity Shares).
- (3) Allotment to Mukeshkumar Patel (4,800 Equity Shares), to Hasmukhbhai P. Patel (15,000 Equity Shares), to Bhikhabhai Patel (21,500 Equity Shares), to Rameshbhai Patel (20,000 Equity Shares), to Dharmendrakumar Patel (13,400 Equity Shares), to Becharabhai Patel (20,000 Equity Shares), to Bharatbhai Patel (10,000 Equity shares), to Jashiben Patel (20,000 Equity Shares), to Hiteshkumar Patel (4,900 Equity Shares), to Rajendra Patel (7,000 Equity Shares), to Madhuben Patel (10,000 Equity Shares), to Nitinbhai Kalavadia (10,000 Equity Shares), to Pujaben Kalavadia (10,000 Equity Shares), to Mukeshbhai K. Patel (20,000 Equity Shares), to Premilaben S. Patel (4,900 Equity Shares), to Santilal Patel (4,900 Equity Shares), to Sitalben Patel (4,900 Equity Shares), to Vasantbhai Patel (15,200 Equity Shares), to Vinubhai Patel (10,000 Equity Shares).
- (4) Allotment to Babubhai Patel (50,927 Equity Shares), to Bhartiben Patel (17,840 Equity Shares), to Bhikhabhai Patel (404,047 equity shares), to Chetanaben Patel (183,380 Equity Shares), to Dhavalbhai Patel (formally knowns as Dharmendrakumar Patel) (205,007 Equity Shares), to Dimpalben Patel (221,677 Equity Shares), to Dineshbhai Patel (750,534 Equity Shares), to Dineshbhai R. Patel (3,574 Equity Shares), to Dipeshkumar Patel (46,014 equity shares), to Dixitkumar Patel (857,121 Equity Shares), to Hasmukhbhai B. Patel (436,917 Equity Shares), to Hasmukhbhai M. Patel (749,880 Equity Shares), to Hasmukhbhai P. Patel (64,199 Equity Shares), to Himanshubhai Patel (182,000 Equity Shares), to Hiraben Patel (77,140 Equity Shares), to Hitendrabhai Patel (119,334 Equity Shares), to Jashiben Patel (187,669 Equity Shares), to Jayantibhai Patel (515,311 Equity Shares), to Jigarbhai Patel (962,641 Equity Shares), to Jignaben Patel (82,020 Equity Shares), to Jigneshbhai Patel (390,884 Equity Shares), to Kacharabhai Rajabhai Patel (750,955 Equity Shares), to Kailashben Sureshbhai Patel (88,327 Equity Shares), to Kirankumar Patel (705,767 Equity Shares), to Mayaben Patel (123,340 Equity Shares), to Mukeshkumar Patel (870,881 Equity Shares), to Narsinhbhai Patel (978,006 Equity Shares), to Pravinbhai Patel (96,846 Equity Shares), to Ramanbhai Patel (201,367 Equity Shares ), to Rameshbhai Patel (524,369 Equity Shares), to Rasmikaben Patel (172,950 Equity Shares), to Reviben Patel (236,767 Equity Shares), to Rinkuben Patel (53,000 Equity Shares), to Sangitaben Patel ( 342,920 Equity Shares), to Savitaben Patel ( 154,994 Equity Shares), to Shivabhai Patel (41000 Equity Shares), to Shushilaben Patel (165,002 Equity Shares), to Sureshbhai Patel (698,081 Equity Shares ), to Taraben Patel (235,000 Equity Shares), to Taraben N. Patel (163,047 Equity Shares ), to Tejalben Patel (119,354 Equity Shares).
- (5) Allotment to Babubhai Patel (41,814 Equity Shares), to Bhartiben Patel (7,000 Equity Shares), to Bhikhabhai Patel (81,934 Equity Shares), to Chetanaben Patel (40,334 Equity Shares), to Dhavalbhai Patel (formally knowns as Dharmendrakumar Patel) (37,068 Equity Shares), to Dimpalben Patel (4,760 equity Shares), to Dineshbhai Patel (301,414 Equity Shares), to Dineshbhai R. Patel (4,667 Equity Shares), to Dipeshkumar Patel (7,000 Equity Shares), to Dixitkumar Patel (22,163 Equity Shares), to Hardikkumar Patel (3,735 Equity Shares), to Hasmukhbhai B. Patel (63,080 Equity Shares), to Hasmukhbhai M. Patel (71,560 Equity Shares), to Hasmukhbhai P. Patel (33,400 Equity Shares), to Himanshubhai Patel

- (106,667 Equity Shares), to Hiraben Patel (6,000 Equity Shares), to Hitendrabhai Patel (230,402 Equity Shares), to Jashiben Patel (4,320 Equity Shares), to Jayantibhai Patel (88,635 Equity Shares), to Jigarbhai Patel (151,610 Equity Shares), to Jignaben Patel (60,000 Equity Shares), to Jigneshbhai Patel (37,068 Equity Shares), to Kacharabhai Patel (173,388 Equity Shares), to Kailashben Patel (120,000 Equity Shares), to Kirankumar Patel (33,554 Equity Shares), to Mukeshkumar Patel (560,917 Equity Shares), to Narsinhbhai Patel (111,226 Equity Shares), to Pravinbhai Patel (83,735 Equity Shares), to Ramanbhai Patel (76,094 Equity Shares), to Rameshbhai Patel (12,845 Equity Shares), to Rasmikaben Patel (8707 Equity Shares), to Reviben Patel (4774 Equity Shares), to Sangitaben Patel (4,000 Equity Shares), to Savitaben Patel (66,667 Equity Shares), to Shivabhai Patel (51,400 Equity Shares), to Shushilaben Patel (2,667 Equity Shares), to Sureshbhai Patel (252,478 Equity Shares), to Taraben N. Patel (4,000 Equity Shares), to Tejalben Patel (94,000 Equity Shares), to Vasantbhai Patel (85,6724 Equity Shares).
- (6) Allotment to Dineshbhai Patel (302,053 Equity Shares), to Kacharabhai Patel (321,002 Equity Shares) to Kirankumar Patel (782,682 Equity Shares), to Mukeshkumar Patel (686,002 Equity Shares), to Rameshbhai Patel (925,055 Equity Shares), to Dhavalbhai Patel (formally knowns as Dharmendrakumar Patel) (156,205 Equity Shares), to Dixitkumar Patel (305,882 Equity Shares) to Hitendrabhai Patel (200,994 Equity Shares), to Jigarbhai Patel (483,574 Equity Shares), to Jigneshbhai Patel (237,382 Equity Shares), to Narsinhbhai Patel (118,823 Equity Shares), to Vasantbhai Patel (230,068 Equity Shares), to Babubhai Patel (128,476 Equity Shares), to Bhikhabhai Patel (335,952 Equity Shares), to Dimpalben Patel (51,482 Equity Shares), to Jashiben Patel (54,729 Equity Shares), to Ramanbhai Patel (54,247 Equity Shares), to Reviben Patel (22,141 Equity Shares), to Shivabhai Patel (70,411 Equity Shares), to Bhikhabhai Patel (57,447 Equity Shares), to Bhupendrabhai Patel (61,105 Equity Shares), to Bijendrakumar Patel (8,823 Equity Shares), to Hardikkumar Patel (185,876 Equity Shares), to Hashmukhbhai P. Patel (38,235 Equity Shares), to Hasmukhbhai B. Patel (345,058 Equity Shares), to Hasmukhbhai M. Patel (412,964 Equity Shares), to Jasavantbhai Patel (71,764 Equity Shares), to Jayantibhai Patel (245,340 Equity Shares), to Kamleshbhai Patel (20,588 Equity Shares), to Lakhuben Patel (67,705 Equity Shares), to Nareshbhai Patel (24,117 Equity Shares), to Patel Kamleshkumar Dahyabhai (24,176 Equity Shares), to Prahladbhai Patel (31,764 Equity Shares), to Pravinbhai Rabad (299,220 Equity Shares), to Pravinbhai K. Patel (91,105 Equity Shares), to Pravinbhai Patel (147,123 Equity Shares), to Rajeshkumar Jashbhai Patel (47,647 Equity Shares), to Rasmikaben Patel (52,600 Equity Shares), to Sangitaben Patel (45,082 Equity Shares), to Sureshbhai Patel (266,929 Equity Share), to Vinubhai Patel (17,647 Equity Shares).
- (7) Allotment to Babubhai Patel (88,035 Equity Shares), to Bhartiben Patel (14,2097 Equity Shares), to Bhikhabhai Patel (255,774 Equity Shares), to Chetanaben Patel (277,095 Equity Shares), to Dharmendrakumar Patel (159,859 Equity Shares), to Dimpalben Patel (110,323 Equity Share), to Dineshbhai Patel (159,859 Equity Shares), to Dixitkumar Patel (284,194 Equity Shares), to Hasmukhbhai B. Patel (167,432 Equity Shares), to Hasmukhbhai M. Patel (136,393 Equity Shares), to Hiraben Patel (68,360 Equity Shares), to Hitendrabhai Patel (257,333 Equity Shares), to Jashiben Patel (60,457 Equity Shares) to Jayantibhai Patel (242,882 Equity Shares), to Jigarbhai Patel (211,513 Equity Shares), to Jignaben Patel (159,859 Equity Shares), to Jigneshbhai Patel (213,146 Equity Shares), to Kacharabhai Patel (28,528 Equity Shares), to Kailashben Patel (85,258 Equity Shares), to Kirankumar Patel (255,774 Equity Shares), to Mukeshkumar Patel (284,194 Equity Shares), to Narsinhbhai Patel (142,097 Equity Shares), to Pravinbhai Patel (85,258 Equity Shares), to Ramanbhai Patel (159,859 Equity Shares), to Rameshbhai Patel (284,194 Equity Shares), to Rasmikaben Patel (159,859 Equity Shares), to Reviben Patel (159,859 Equity Shares), to Sangitaben Patel (79,185 Equity Shares), to Savitaben Patel (226,086 Equity Shares), to Shivabhai Patel (81,661 Equity Shares), to Sureshbhai Patel (85,258 Equity Shares), to Taraben Patel (213,146 Equity Shares), to Tejalben Patel (233,033 Equity Shares), to Vasantbhai Patel (160,264 Equity Shares).
- (8) Allotment to Babubhai Patel (76,669 equity shares), Bhikhabhai Patel (30,926 Equity Shares), to Chetanaben Patel (37,138 Equity Shares), to Dimpalben Patel (30,412 Equity Shares), to Dineshbhai Patel (7,511 Equity Shares), to Hasmukhbhai B. Patel (50,560 Equity Shares), to Hasmukhbhai M. Patel (42,788 Equity Shares), to Hiraben Patel (80,782 Equity Shares), to Hitendrabhai Patel (41,270 Equity Shares), to Jashiben Patel (72,927 Equity Shares), to Jayantibhai Patel (34,784 Equity Shares), to Jigarbhai Patel (41,343 Equity Shares), to Jigneshbhai Patel (6,599 Equity Shares), to Kacharabhai Patel (89,111 Equity Shares), to Mayaben Patel (71,307 Equity Shares), to Narsinhbhai Patel (4,654 Equity Shares), to Ramanbhai Patel (17,373 Equity Shares), to Rasmikaben Patel (13,575 Equity Shares), to Rinkuben Patel (85,568 Equity Shares), to Sangitaben Patel (69,011 Equity Shares), to Savitaben Patel (38,296 Equity Shares), to Shivabhai Patel (78,001 Equity Shares), to Shushilaben Rameshbhai Patel (95,076 Equity Shares), Taraben Patel (21,307 Equity Shares), to Taraben N. Patel (47,538 Equity Shares), to Tejalben Patel (46,351 Equity Shares).

(9) Allotment to Bhikhabhai Patel (55,924 Equity Shares), to Chetanaben Patel (34,437 Equity Shares), to Dharmendrakumar Patel (44,719 Equity Shares), to Dimpalben Patel (7,375 Equity Shares), to Dineshbhai Patel (87,642 Equity Shares), to Hasmukhbhai B. Patel (51,980 Equity Shares), to Hitendrakumar Patel (48,728 Equity Shares), to Jasiben Patel (4,545 Equity Shares), to Jayantibhai Patel (40,038 Equity Shares), to Jigarkumar Patel (29,342 Equity Shares), to Kirankumar Patel (45,170 Equity Shares), to Mukeshkumar Patel (60,197 Equity Shares), to Narsinhbhai Patel (38,925 Equity Shares), to Pravinkumar Patel (44,617 Equity Shares), to Rameshbhai Patel (31,954 Equity Shares), to Rasmikaben Patel (6,860 Equity Shares), to Rinkuben Patel (7,500 Equity Shares), to Savitaben Patel (6,860 Equity Shares), to Shivabhai Patel (1,334 Equity Shares), to Sureshchandra Patel (1,818 Equity Shares), to Taraben Patel (6,160 Equity Shares), Tejasveetaben Patel (1,818 Equity Shares).

#Details of conversion of unsecured loans into equity shares:

Name of Lender	Financial Year to which the unsecured Loans pertain	Purpose	Rate of Interest	Tenure	Terms of the loans
Babubhai Patel Bhartiben Patel Bhikhabhai Patel Bhikhabhai R. Patel Bhupendrabhai Patel	2014-2015	Working Capital	0-7%	Repayable on demand	Convertible at the option of the lender into equity shares of the Company
Bijendrakumar Patel Chetanaben Patel Dharmendrakumar Patel	2015-2016	Working Capital	0-11%	Repayable on demand	Convertible at the option of the lender into equity shares of the Company
Dimpalben Patel Dineshbhai Patel Dixitkumar Patel Hardikkumar Patel	2016-2017	Working Capital	0-11%	Repayable on demand	Convertible at the option of the lender into equity shares of the Company
Hasmukhbhai B. Patel Hasmukhbhai G. Patel Hasmukhbhai M. Patel Hiraben Patel Hitendrabhai Patel Jasavantbhai Patel Jashiben Patel Jayantibhai Patel Jigarbhai Patel Jignaben Patel Jigneshbhai Patel Kacharabhai Patel Kailashben Patel Kamleshbhai Patel Kamleshbhai Patel Kirankumar Patel Lakhuben Patel Mayaben Patel Mukeshkumar Patel Nareshbhai Patel Narsinhbhai P. Patel Prahlabdbhai Patel Pravinbhai Rabad Pravinbhai N. Patel Pravinbhai K. Patel Rajeshkumar Patel Ramanbhai Patel Rameshbhai Patel	2017-2018	Working Capital	N.A.	Repayable on demand	Convertible at the option of the lender into equity shares of the Company

Rasmikaben Patel					
Reviben Patel					
Rinkuben Patel					
Sangitaben Patel					
Savitaben Patel					
Shivabhai Patel					
Shushilaben Patel					
Sureshbhai Patel					
Taraben H. Patel					
Taraben N. Patel					
Tejalben Patel					
Vasantbhai Patel					
Vinubhai Patel					

B. The following table sets forth the history of the Preference Share Capital of our Company:

Date of allotment of non-convertible redeemable Preference Shares	No. of Preference Shares Allotted	Face Value per Preference Share (in ₹)	Issue Price per Preference Share (in ₹)	Nature of consideration	Reasons/ Nature of allotment	Cumulative no. of Preference Shares	Cumulative paid-up Preference Share Capital (in ₹)
March 31 <sup>st</sup> 2016	1,581,670	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Preference Shares <sup>(1)</sup> ##	1,581,670	15,816,700
March 31 <sup>st</sup> 2017	1,230,859	10	55	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Preference Shares <sup>(2)</sup> ##	2,812,529	28,125,290

(1) Allotment of 0% non-cumulative, non-convertible redeemable Preference Shares carrying 0% dividend rate to Bhartiben Patel (85,258 Preference Shares), to Bhikhabhai Patel (5,559 Preference Shares), to Dharmendrakumar Patel (95,915 Preference Shares), to Dineshbhai Patel (59,993 Preference Shares), to Dixitkumar Patel (170,516 Preference Shares), to Jignaben Patel (95,915 Preference Shares), to Jigneshbhai Patel (96,327 Preference Shares), to Kailashben Patel (51,155 Preference Shares), to Kirankumar Patel (153,465 Preference Shares), to Mukeshkumar Patel (170,516 Preference Shares), to Narsinhbhai Patel (63,000 Preference Shares), to Pravinbhai Patel (51,155 Preference Shares), to Ramanbhai Patel (12,825 Preference Shares), to Rameshbhai Patel (170,517 Preference Shares), to Rasmikaben Patel (30,990 Preference Shares), to Reviben Patel (95,915 Preference Shares), to Sureshbhai Patel (51,155 Preference Shares), to Taraben Patel (25,984 Preference Shares), to Vasantbhai Patel (95,510 Preference Shares).

(2) Allotment of 0% non-cumulative, non-convertible redeemable Preference Shares carrying 0% dividend rate to Babubhai Patel (76,669 Preference Shares), to Bhikhabhai Patel (30,925 Preference Shares), to Chetanaben Patel (37,137 Preference Shares), to Dimpalben Patel (30,412 Preference Shares), to Dineshbhai Patel (7,510 Preference Shares), to Hasmukhbhai B. Patel (50,559 Preference Shares), to Hasmukhbhai M. Patel (42,788 Preference Shares), to Hiraben Patel (80,782 Preference Shares), to Hitendrabhai Patel (41,269 Preference Shares), to Jashiben Patel (72,927 Preference Shares), to Jayantibhai Patel (34,783 Preference Shares), to Jigarbhai Patel (41,342 Preference Shares), to Jigneshbhai Patel (6,598 Preference Shares), to Kacharabhai Patel (89,110 Preference Shares), to Mayaben Patel (71,306 Preference Shares), to Narsinhbhai Patel (4,653 Preference Shares), to Ramanbhai Patel (17,373 Preference Shares), to Rasmikaben Patel (13,575 Preference Shares).

Shares), to Rinkuben Patel (85,568 Preference Shares), to Sangitaben Patel (69,011 Preference Shares), to Savitaben Patel (38,295 Preference Shares), to Shivabhai Patel (77,999 Preference Shares), to Shushilaben Patel (95,075 Preference Shares), to Taraben Patel (21,306 Preference Shares), to Taraben N. Patel (47,537 Preference Shares), to Tejalben Patel (46,350 Preference Shares).

##Details of conversion of unsecured loans into preference shares:

Name of Lender	Financial Year to which the unsecured Loans pertain	Purpose	Rate of Interest	Tenure	Terms of the loans
Babubhai Patel Bhartiben Patel Bhikhabhai Patel Chetanaben Patel Dharmendrakumar Patel Dimpalben Patel Dineshbhai Patel Dixitkumar Patel	2015-2016	Working Capital	0-11%	Repayable on demand	Convertible at the option of the lender into non-convertible redeemable preference shares of the Company
Hasmukhbhai B. Patel Hasumukhbhai M. Patel Hiraben Patel Hitendrabhai Patel Jashiben Patel Jayantibhai Patel Jigarbhai Patel Jignaben Patel Jigneshbhai Patel Kacharabhai Patel Kailashben Patel Kirankumar Patel Mayaben Patel Mukeshbhai Patel Narsinhbhai P. Patel Pravinbhai N. Patel Ramanbhai Patel Rameshbhai Patel Rasmikaben Patel Reviben Patel Rinkuben Patel Sangitaben Patel Savitaben Patel Shivabhai Patel Shushilaben Patel Sureshbhai Patel Taraben H. Patel Taraben N. Patel Tejalben Patel Vasantbhai Patel	2016-2017	Working Capital	0-11%	Repayable on demand	Convertible at the option of the lender into non-convertible redeemable preference shares of the Company

**C. Shares issued for consideration other than cash or through bonus**

Our Company has not issued any Equity Shares for consideration other than cash or bonus.

- D. Till date, no Equity Shares have been issued out of capitalization of its revaluation reserves or unrealised profits by our Company.
- E. Till date, no Equity Shares have been allotted by our Company pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of Companies Act, 2013.
- F. The Company has not issued any Equity Shares under any employee stock option scheme.
- G. Our Company has not issued any Equity Shares in the year preceding the date of this RHP, which may be at a price lower than the Offer price.

## 2. Build-up of Promoters' shareholding in our Company:

### a) History of Equity Share capital held by the Promoters:

As on the date of this RHP, our Promoters hold 18,519,005 Equity Shares, constituting 55.19% of the issued, subscribed and paid-up Equity Share capital of our Company. The build-up of shareholding of Promoters are as follows:

#### *Mr. Mukeshkumar Patel*

Date of Allotment / Transfer and Date when made Fully Paid up	No. Equity Shares Allotted / Transferred	Face Value per Equity Share (in ₹)	Issue/ Acquisition/ Transfer Price per Equity Share (in ₹)	Consideration	Nature of Transaction	% of Pre- Offer Paid up Capital	% of Post- Offer Paid up Capital
January 2, 2008	2,400	10	10	Pursuant to the conversion of the capital account of partnership firm	Subscription to Moa	0.01	[●]
August 14 <sup>th</sup> 2008	6,275	10	20	Cash	Further issue	0.02	[●]
March 29 <sup>th</sup> 2011	4,800	10	10	Cash	Further issue	0.01	[●]
October 21 <sup>st</sup> 2013	870,881	10	15	Cash	Further issue	2.60	[●]
March 31 <sup>st</sup> 2014	560,917	10	15	Cash	Further issue	1.67	[●]
March 31 <sup>st</sup> 2015	686,002	10	17	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	2.04	[●]
October 16 <sup>th</sup> 2015	10,000	10	17	Cash	Transfer From Dhirajkumar M Patel	0.03	[●]
March 3 <sup>1</sup> 2016	284,194	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.85	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Popatbhai Patel	0.00	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Jitendra L Shah (HUF)	0.00	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Kanchanben Somani	0.00	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Laxmiben Somani	0.00	[●]



March 31 <sup>st</sup> 2018	60,197	10	110	Cash	Conversion of Unsecured Loans availed by Company into Equity Shares by way of Rights Issue	0.18	[●]
January 2 <sup>nd</sup> 2020	58,541	10	-	By way of Gift	From Babubhai Patel	0.17	[●]
January 2 <sup>nd</sup> 2020	591,381	10	-	By way of Gift	From Chetanabhai Patel	1.76	[●]
<b>Total</b>	<b>3,135,988</b>					<b>9.35</b>	<b>[●]</b>

***Mr. Dineshbhai Patel***

<b>Date of Allotment / Transfer and Date when made Fully Paid up</b>	<b>No. Equity Shares Allotted / Transferred</b>	<b>Face Value per Equity Share (in ₹)</b>	<b>Issue/ Acquisition n/ Transfer Price per Equity Share (in ₹)</b>	<b>Consideration</b>	<b>Nature of Transaction</b>	<b>% of Pre- Offer Paid up Capital</b>	<b>% of Post- Offer Paid up Capital</b>
August 14 <sup>th</sup> 2008	7,500	10	20	Cash	Further issue	0.02	[●]
October 21 <sup>st</sup> 2013	750,534	10	15	Cash	Further issue	2.24	[●]
March 31 <sup>st</sup> 2014	301,414	10	15	Cash	Further issue	0.90	[●]
March 31 <sup>st</sup> 2015	302,053	10	17	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.90	[●]
October 16 <sup>th</sup> 2015	38,335	10	17	Cash	Transfer From Hasmukhbhai Patel	0.11	[●]
March 31 <sup>st</sup> 2016	159,859	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.48	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Bipinbhai Patel	0.00	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Kanubhai Patel	0.00	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Pravinbhai K Patel	0.00	[●]
March 31 <sup>st</sup> 2017	7511	10	55	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.02	

January 16 <sup>th</sup> 2018	411,724	10	-	By way of Gift	Transfer From Vasantbhai Patel	1.23	[●]
March 31 <sup>st</sup> 2018	87,642	10	110	Cash	Conversion of Unsecured Loans availed by Company into Equity Shares by way of Rights Issue	0.26	[●]
January 2 <sup>nd</sup> 2020	602,958	10	-	By way of Gift	From Dharmendrabhai Patel	1.80	[●]
January 2 <sup>nd</sup> 2020	426,029	10	-	By way of Gift	From Dimpalben Patel	1.27	[●]
January 2 <sup>nd</sup> 2020	301,879	10	-	By way of Gift	From Jignaben Patel	0.90	[●]
January 2 <sup>nd</sup> 2020	509,040	10	-	By way of Gift	From Ramanbhai Patel	1.52	[●]
January 2 <sup>nd</sup> 2020	423,541	10	-	By way of Gift	From Reviben Patel	1.26	[●]
January 2 <sup>nd</sup> 2020	469,615	10	-	By way of Gift	From Jashiben Patel	1.40	[●]
January 2 <sup>nd</sup> 2020	1,166,990	10	-	By way of Gift	From Jayantibhai Patel	3.48	[●]
January 2 <sup>nd</sup> 2020	1,115,027	10	-	By way of Gift	From Hasmukhbhai B. Patel	3.32	[●]
January 18 <sup>th</sup> 2020	471,356	10	-	By way of Gift	From Hasmukhbhai B. Patel	1.40	[●]
<b>Total</b>	<b>7,553,307</b>					<b>22.51</b>	<b>[●]</b>

***Mr. Kirankumar Patel***

<b>Date of Allotment / Transfer and Date when made Fully Paid up</b>	<b>No. Equity Shares Allotted / Transferred</b>	<b>Face Value per Equity Share (in ₹)</b>	<b>Issue/ Acquisition/ Transfer Price per Equity Share (in ₹)</b>	<b>Consideration</b>	<b>Nature of Transaction</b>	<b>% of Pre- Offer Paid up Capital</b>	<b>% of Post- Offer Paid up Capital</b>
January 2, 2008	2,400	10	10	Pursuant to the conversion of the capital account of partnership firm	Subscription to MOA	0.01	[●]
October 21 <sup>st</sup> 2013	705,767	10	15	Cash	Further issue	2.10	[●]
March 31 <sup>st</sup> 2014	33,554	10	15	Cash	Further issue	0.10	[●]

March 31 <sup>st</sup> 2015	782,682	10	17	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares#	2.33	[●]
October 16 <sup>th</sup> 2015	10,000	10	17	Cash	Transfer From Bharatbhai Patel.	0.03	[●]
March 31 <sup>st</sup> 2016	255,774	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.76	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer From Jitendra Patel.	0.00	[●]
March 31 <sup>st</sup> 2018	45,170	10	110	Cash	Conversion of Unsecured Loans availed by Company into Equity Shares by way of Rights Issue	0.13	[●]
January 2 <sup>nd</sup> 2020	141,973	10	-	By way of Gift	From Bhikhabhai Patel	0.42	[●]
January 2 <sup>nd</sup> 2020	2,085,673	10	-	By way of Gift	From Jigarbhai Patel	6.22	[●]
January 2 <sup>nd</sup> 2020	146,068	10	-	By way of Gift	From Rinkuben Patel	0.44	[●]
January 2 <sup>nd</sup> 2020	492,903	10	-	By way of Gift	From Savitaben Patel	1.47	[●]
<b>Total</b>	<b>4,702,064</b>					<b>14.01</b>	<b>[●]</b>

**Mr. Rameshbhai Patel**

Date of Allotment / Transfer and Date when made Fully Paid up	No. Equity Shares Allotted / Transferred	Face Value per Equity Share (in ₹)	Issue/ Acquisition/ Transfer Price per Equity Share (in ₹)	Consideration	Nature of Transaction	% of Pre-Offer Paid up Capital	% of Post-Offer Paid up Capital
March 29 <sup>th</sup> 2011	20,000	10	10	Cash	Further issue	0.06	[●]
October 21 <sup>st</sup> 2013	524,369	10	15	Cash	Further issue	1.56	[●]
March 31 <sup>st</sup> 2014	12,845	10	15	Cash	Further issue	0.04	[●]
November 22 <sup>nd</sup> 2014.	(100)	10	10	Cash	Transferred To Vinubhai Patel.	0.00	[●]

November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Pravinbhai K Patel	0.00	[●]
November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Rajeshkumar Patel	0.00	[●]
November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Bhikhabhai Patel	0.00	[●]
November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Bhupendrabhai Patel	0.00	[●]
November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Patel Bijendrakumar	0.00	[●]
November 22 <sup>nd</sup> 2014	(100)	10	10	Cash	Transferred To Lakhuben Patel	0.00	[●]
March 31 <sup>st</sup> 2015	925,055	10	17	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	2.76	[●]
31 <sup>st</sup> March 2016	284,194	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.85	[●]
February 25 <sup>th</sup> 2017	100	10	10	Cash	Transfer from Maniben Patel	0.00	[●]
March 31 <sup>st</sup> 2018	31,954	10	110	Cash	Rights Issue	0.10	[●]
January 2 <sup>nd</sup> 2020	148,714	10	55	Cash	Transfer from Bhikhabhai Patel	0.44	[●]
January 2 <sup>nd</sup> 2020	156,291	10	55	Cash	Transfer from Mayaben Patel	0.47	[●]
January 2 <sup>nd</sup> 2020	91,205	10	55	Cash	Transfer from Pravinbhai Khemabhai Patel	0.27	[●]
February 4 <sup>th</sup> 2020	347,067	10	55	Cash	Transfer from Hitendrabhai Patel	1.03	[●]
January 2 <sup>nd</sup> 2020	323,807	10	-	By way of Gift	Transfer from Shivabhai Patel	0.97	[●]
January 2 <sup>nd</sup> 2020	262,745	10	-	By way of Gift	Transfer from Sushilaben Patel	0.78	[●]
<b>Total</b>	<b>31,27,646</b>					<b>9.32</b>	<b>[●]</b>

**b) History of Preference Share capital held by the Promoters:**

The build-up of Preference shareholding of our Promoters is as follows:

**Mr. Mukeshkumar Patel**

Date of Allotment / Transfer and Date when made Fully Paid up	No. Preference Shares Allotted / Transferred	Face Value per Preference Share (in ₹)	Issue/ Acquisition/ Transfer Price per Preference Share (in ₹)	Consideration	Nature of Transaction
March 31 <sup>st</sup> 2016	170,516	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
<b>Total</b>	<b>170,516</b>				

**Mr. Dineshbhai Patel**

Date of Allotment / Transfer and Date when made Fully Paid up	No. Preference Shares Allotted / Transferred	Face Value per Preference Share (in ₹)	Issue/ Acquisition/ Transfer Price per Preference Share (in ₹)	Consideration	Nature of Transaction
March 31 <sup>st</sup> 2016	59,993	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
March 31 <sup>st</sup> 2017	7,510	10	55	Cash	Allotment pursuant to Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
January 16 <sup>th</sup> 2018	31,836	10	-	By way of gift	Transfer from Vasantbhai Patel
<b>Total</b>	<b>99,339</b>				

**Mr. Kirankumar Patel**

Date of Allotment / Transfer and Date when made Fully Paid up	No. Equity Shares Allotted / Transferred	Face Value per Preference Share (in ₹)	Issue/ Acquisition/ Transfer Price per Preference Share (in ₹)	Consideration	Nature of Transaction
March 31 <sup>st</sup> 2016	153,465	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
<b>Total</b>	<b>153,465</b>				

**Mr. Rameshbhai Patel**

Date of Allotment / Transfer and Date when made Fully Paid up	No. Equity Shares Allotted / Transferred	Face Value per Preference Share (in ₹)	Issue/ Acquisition/ Transfer Price per Preference Share (in ₹)	Consideration	Nature of Transaction
March 31 <sup>st</sup> 2016	170,517	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
<b>Total</b>	<b>170,517</b>				

All the Equity Shares and Preference Shares held by our Promoters were fully paid-up on the respective dates of allotment of such Equity Shares and Preference Shares. Further, none of the Equity Shares and Preference Shares held by our Promoters are pledged.

- c) The following is the Equity shareholding of our Promoters and Promoter Group as of the date of filing this RHP:

S. No.	Name of shareholders	No. of Equity Shares held	% of Pre-Offer Equity Share Capital	% of Post-Offer Equity Share Capital
<b>Promoters</b>				
1.	Mukeshkumar Patel	3,135,988	9.35	[●]
2.	Kirankumar Patel	4,702,064	14.01	[●]
3.	Dineshbhai Patel	7,553,307	22.51	[●]
4.	Rameshbhai Patel	3,127,646	9.32	[●]
<b>Promoter Group</b>				
5.	Dineshbhai R. Patel	8241	0.02	[●]
6.	Kailashben Patel	293,785	0.88	[●]
7.	Rakeshbhai Patel	100	Negligible	[●]
<b>Total</b>		<b>18,821,131</b>	<b>56.09</b>	<b>[●]</b>

**d) Promoters' contribution and lock-in**

**Details of Promoters' contribution locked in for three years:**

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

The Equity Shares which are being locked in for 3 (three) years from the date of Allotment are as follows:

Promoters	No. of Equity Shares Locked in <sup>(1)(2)</sup>	Face Value per Equity Share (in ₹)	Issue/ Acquisition Price per Equity Share (in ₹)	Date of Allotment/ Acquisition and when made fully paid-up*	Nature of Allotment/ Transfer	Consideration (Cash/other than cash)	Percentage of post-Offer paid-up capital
Mukeshkumar Patel	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Dineshbhai Patel	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Kirankumar	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Patel							
Rameshbhai Patel	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>TOTAL</b>	[●]						[●]

*\* Subject to finalisation of Basis of Allotment.*

*(1) For a period of three years from the date of Allotment*

*(2) All Equity Shares were fully paid-up at the time of allotment/transfer.*

The Equity Shares that are being locked-in are eligible for computation of promoter's contribution under Regulation 15 of the SEBI ICDR Regulations. In this connection, as per Regulation 15 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not consist of:

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

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 "Promoters" under the SEBI ICDR Regulations.

***Details of share capital locked in for one year***

Other than the above Equity Shares that would be locked in for 3 (three) years, the entire pre-Offer Equity Share capital of our Company, other than the Equity Shares which are successfully transferred as part of the Offer for Sale and any unsubscribed portion of the Offer for Sale by the Selling Shareholder, would be locked-in for a period of 1 (one) year from the date of Allotment in the Offer pursuant to Regulation 16(b) and Regulation 17 of the SEBI ICDR Regulations.

***Other requirements in respect of lock-in***

Pursuant to Regulation 21 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions or systematically important non-banking financial company or housing finance company as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 16(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution or systematically important non-banking financial company or housing finance company for the purpose of financing one or more of the objects of the Offer.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by the Promoters may be transferred to and amongst the Promoters, the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations.

Further, pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 17 of the SEBI ICDR Regulations, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such

Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the SEBI Takeover Regulations, as applicable.

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

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

### 3. Shareholding of our Selling Shareholder

As on date of this Red Herring Prospectus, Mr. Dixitkumar Patel, holds 4,578,916 Equity Shares constituting 13.65% of the issued, subscribed and paid-up Equity Share capital of our Company.

Following is the build- up of the Equity Shareholding of Mr. Dixitkumar Patel:

Date of Allotment / Transfer and Date when made Fully Paid up	No. Equity Shares Allotted / Transferred	Face Value per Equity Share (in ₹)	Issue/ Acquisition/ Transfer Price per Equity Share (in ₹)	Consideration	Nature of Transaction	% of Pre- Offer Paid up Capital	% of Post- Offer Paid up Capital
October 21 <sup>st</sup> 2013	857,121	10	15	Cash	Further issue	2.55	[●]
March 31 <sup>st</sup> 2014	22,163	10	15	Cash	Further issue	0.07	[●]
March 31 <sup>st</sup> 2015	305,882	10	17	Cash	Allotment pursuant to conversion of unsecured loans availed by the Company into Equity Shares	0.91	[●]
October 16 <sup>th</sup> 2015	12,500	10	17	Cash	Transfer from Hareshkumar N Patel	0.04	[●]
March 31 <sup>st</sup> 2016	284,194	10	23	Cash	Allotment pursuant to Conversion of Unsecured Loans availed by Company into Equity Shares	0.85	[●]
February 25 <sup>th</sup> , 2017	100	10	10	Cash	Transfer from Prabhudasbhai Patel	0.00	[●]
June 15 <sup>th</sup> , 2017	90,184	10	-	By way of Gift	Transfer from Jasvantkumar Patel	0.27	[●]
October 14 <sup>th</sup> , 2017	759,922	10	-	By way of Gift	Transfer from Tejalben Patel	2.26	[●]
January 16 <sup>th</sup> 2018	524,650	10	-	By way of Gift	Transfer from Kacharabhai Patel	1.56	[●]
January 25 <sup>th</sup> 2020	1,722,200	10	-	By way of Gift	Transfer from Babubhai Patel	5.13	[●]
<b>Total</b>	<b>4,578,916</b>					<b>13.65</b>	<b>[●]</b>



Following is the build-up of the Preference Shareholding of Mr. Dixitkumar Patel:

<b>Date of Allotment / Transfer and Date when made Fully Paid up</b>	<b>No. Equity Shares Allotted / Transferred</b>	<b>Face Value per Preference Share (in ₹)</b>	<b>Issue/ Acquisition / Transfer Price per Preference Share (in ₹)</b>	<b>Consideration</b>	<b>Nature of Transaction</b>
March 31 <sup>st</sup> 2016	170,516	10	23	Cash	Conversion of Unsecured Loans into non-convertible redeemable Preference Shares
October 14 <sup>th</sup> 2017	46,350	10	-	By way of gift	Transfer from Tejalben Patel
January 16 <sup>th</sup> 2018	29,704	10	-	By way of gift	Transfer from Kacharabhai Patel
<b>Total</b>	<b>246,570</b>				

4. The following is the Equity shareholding pattern of our Company as on the date of this RHP:

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrant)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered*		Number of equity shares held in dematerialised form
								No of Voting Rights										
								Class Equity X	Class Others Y	Total	Total as a % of (A+B+C)							
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+ (V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	7	18,821,131	-	-	18,821,131	56.09		-		56.09	-	-	-	-	-	-	18,821,131
(B)	Public	16	14,733,939	-	-	14,733,939	43.91				43.91	-	-	-	-	-	-	14,733,939
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total		33,555,070	-	-	33,555,070	100.00				100.00	-	-	-	-	-		33,555,070

5. **Equity Shareholding of Directors and Key Managerial Personnel in our Company:**

Except as stated below, none of our Directors or Key Managerial Personnel hold any Equity Shares in our Company.

S. No.	Name of Equity Shareholders	No. of Equity Shares	% of Pre-Offer Equity Share Capital	% of Post-Offer Equity Share Capital
1.	Mukeshkumar Patel	3,135,988	9.35	[●]
2.	Kirankumar Patel	4,702,064	14.01	[●]
3.	Dineshbhai Patel	7,553,307	22.51	[●]
4.	Rameshbhai Patel	3,127,646	9.32	[●]
	<b>Total</b>	<b>18,519,005</b>	<b>55.19</b>	<b>[●]</b>

6. **Details of Shareholding of major Shareholders of our Company:**

- i. Names of Equity Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them as on the date of the filing of this RHP:

S. No.	Name of Equity Shareholders	No. of Equity Shares held	% of Pre-Offer Equity Share Capital	% of Post-Offer Equity Share Capital
1.	Mukeshkumar Patel	3,135,988	9.35	[●]
2.	Hasmukhbhai M. Patel	1,448,273	4.32	[●]
3.	Kirankumar Patel	4,702,064	14.01	[●]
4.	Dineshbhai Patel	7,553,307	22.51	[●]
5.	Hasmukhbhai P. Patel	574,183	1.71	[●]
6.	Narsinhbhai Patel	1,186,472	3.54	[●]
7.	Sureshbhai Patel	647,012	1.93	[●]
8.	Rameshbhai Patel	3,127,646	9.32	[●]
9.	Dixitkumar Patel	4,578,916	13.65	[●]
10.	Hiraben Patel	1,498,046	4.46	[●]
11.	Hitendrabhai Patel	1,763,007	5.25	[●]
12.	Jigneshbhai Patel	1,173,746	3.50	[●]
13.	Rasmikaben Patel	373,663	1.11	[●]
14.	Sangitaben Patel	540,198	1.61	[●]
15.	Taraben Patel	475,613	1.42	[●]
	<b>Total</b>	<b>32,778,134</b>	<b>97.68</b>	<b>[●]</b>

- ii. None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of the DRHP/RHP are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.
- iii. Names of Equity Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them 1 (one) year prior to date of filing of this RHP (as of July 28, 2020):

S. No.	Name of Equity Shareholders	No. of Equity Shares held	% of then existing Equity Share Capital
1.	Mukeshkumar Patel	3,135,988	9.35
2.	Hasmukhbhai M. Patel	1,448,273	4.32
3.	Kirankumar Patel	4,702,064	14.01
4.	Dineshbhai Patel	7,553,307	22.51

5.	Hasmukhbhai P. Patel	574,183	1.71
6.	Narsinbhai Pasabhai Patel	1,186,472	3.54
7.	Sureshbhai Patel	647,012	1.93
8.	Rameshbhai Patel	3,127,646	9.32
9.	Dixitkumar Patel	4,578,916	13.65
10.	Hiraben Patel	1,498,046	4.46
11.	Hitendrabhai Patel	1,763,007	5.25
12.	Jigneshbhai Patel	1,173,746	3.50
13.	Rasmikaben Patel	373,663	1.11
14.	Sangitaben Patel	540,198	1.61
15.	Taraben Patel	475,613	1.42

- iv. Names of Equity Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them 2 (two) years prior to date of filing of this RHP (as of July 28, 2019): -

S. No.	Name of Equity Shareholders	No. of Equity Shares held	% of then existing Equity Share Capital
1.	Mukeshkumar Patel	2,486,066	7.41
2.	Hasmukhbhai M. Patel	1,448,273	4.32
3.	Kirankumar Patel	1,835,447	5.47
4.	Dineshbhai Patel	2,066,872	6.16
5.	Narsinbhai Patel	1,465,111	4.37
6.	Sureshbhai Patel	1,314,564	3.92
7.	Bhikhabhai Patel	1,201,057	3.58
8.	Rameshbhai Patel	1,797,817	5.36
9.	Babubhai Patel	655,510	1.95
10.	Chetanaben Patel	591,381	1.76
11.	Dharmendrakumar Patel	602,958	1.80
12.	Dimpalben Patel	426,029	1.27
13.	Dixitkumar Patel	2,856,716	8.51
14.	Hasmukhbhai B. Patel	1,115,027	3.32
15.	Hiraben Patel	756,931	2.26
16.	Hitendrabhai Patel	1,427,711	4.25
17.	Jashiben Patel	804,911	2.40
18.	Jayantibhai Patel	1,166,990	3.48
19.	Jigarbhai Patel	2,085,673	6.22
20.	Jigneshbhai Patel	1,173,746	3.50
21.	Pravinbhai N. Patel	457,679	1.36
22.	Ramanbhai Patel	509,040	1.52
23.	Rasmikaben Patel	845,019	2.52
24.	Reviben Patel	423,541	1.26
25.	Sangitaben Patel	540,198	1.61
26.	Savitaben Patel	492,903	1.47
27.	Taraben H. Patel	475,613	1.42

- v. Names of Equity Shareholders of the Company holding 1% or more of the paid-up capital of the Company and the number of Equity Shares held by them as on 10 (ten) days prior to the date of filing this RHP:

S. No.	Name of Equity Shareholders	No. of Equity Shares held	% of Pre-Offer Equity Capital Share	% of Post-Offer Equity Capital Share
1.	Mukeshkumar Patel	3,135,988	9.35	[●]
2.	Hasmukhbhai M. Patel	1,448,273	4.32	[●]
3.	Kirankumar Patel	4,702,064	14.01	[●]
4.	Dineshbhai Patel	7,553,307	22.51	[●]
5.	Hasmukhbhai P. Patel	574,183	1.71	[●]
6.	Narsinhbhai Patel	1,186,472	3.54	[●]
7.	Sureshbhai Patel	647,012	1.93	[●]
8.	Rameshbhai Patel	3,127,646	9.32	[●]
9.	Dixitkumar Patel	4,578,916	13.65	[●]
10.	Hiraben Patel	1,498,046	4.46	[●]
11.	Hitendrabhai Patel	1,763,007	5.25	[●]
12.	Jigneshbhai Patel	1,173,746	3.50	[●]
13.	Rasmikaben Patel	373,663	1.11	[●]
14.	Sangitaben Patel	540,198	1.61	[●]
15.	Taraben Patel	475,613	1.42	[●]
	<b>Total</b>	<b>32,778,134</b>	<b>97.68</b>	[●]

7. As on the date of the RHP, the Company has 23 (twenty-three) equity shareholders.
8. The Company has not made any initial public offer of its Equity Shares or any convertible securities in the 2 (two) years preceding the date of this RHP.
9. Our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of the Draft Red Herring Prospectus or this Red Herring Prospectus.
10. No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholder, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
11. Our Company does not have any intention or proposal to alter its capital structure within a period of 6 (six) months from the date of opening of the Offer by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. However, Our Company is in expansion phase and may need additional capital to fund existing/ and or future organic and/ or inorganic expansion. Therefore, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the Offer appropriately in due compliance with the applicable statutory provisions.
12. 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 filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription, etc., as the case may be.
13. The Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of 6 (six) months preceding the date on which the DRHP is filed with SEBI/date of this RHP.
14. There have been no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of 6 (six) months immediately preceding the date of filing of the DRHP/RHP.
15. Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.

16. Our Company, Directors and BRLM have not entered into any buy-back or other arrangements for the purchase of the Equity Shares being offered through this Offer from any person.
17. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date of this RHP. All Equity Shares to be issued or transferred pursuant to the Offer shall be made fully paid-up at the time of the Allotment.
18. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor its associates (as defined under the SEBI (Merchant Bankers) Regulations, 1992) hold any Equity Shares of our Company as on the date of this Red Herring Prospectus. However, the associates and affiliates of BRLM and the Syndicate Members, if any may subscribe to the Offer, either in Net QIB category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on proportionate basis and such subscription may be on their own account or on behalf of their clients.
19. Up to 268,500 Equity Shares aggregating up to ₹ [●] million (which shall not exceed 5% of the post-Offer equity share capital of our Company) shall be reserved for allocation to Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price (net of Employee Discount, if any, as applicable for the Employee Reservation Portion). Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion. Bids by Eligible Employees can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. Unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of under subscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000 up to ₹500,000.
20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. The BRLM and any person related to the BRLM or Syndicate Members cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associate of the BRLM or insurance companies promoted by entities which are associates of the BRLM or AIFs sponsored by entities which are associates of the BRLM or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associate of the BRLM.
22. Our Company shall ensure that any transactions in Equity Shares by our Promoters and the Promoter Group during the period between the date of filing this Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

## OBJECTS OF THE OFFER

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

### The Offer for Sale

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder. However except for the listing fees which shall be solely borne by the Company, all offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholder on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the offered shares sold by the Selling Shareholder in the Offer for Sale.

### The Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Prepayment/repayment of certain secured borrowings availed by our Company;
2. Funding the working capital requirements of the Company; and
3. General corporate purposes.

(collectively, referred to herein as the “Objects”).

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities proposed to be funded from the Net Proceeds. The existing activities of our Company are within the objects clause of our Memorandum of Association.

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

### FRESH ISSUE PROCEEDS

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

(₹ in million)	
Particulars	Estimated Amount <sup>(1)</sup>
Gross Proceeds to be raised through the Fresh Issue <sup>(1)</sup>	[•]
Less- Fresh Issue Expenses (only those apportioned to our Company) <sup>(1)</sup>	[•]
<b>Net Proceeds from the Fresh Issue (Net Proceeds)</b>	<b>[•]</b>

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

### UTILISATION OF NET PROCEEDS

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

Sr. No.	Particulars	Amount (₹ in million)
1.	Prepayment/repayment of certain secured borrowings availed by our Company	500.00
2.	Funding the working capital requirements of the Company	450.00
3.	General corporate purposes <sup>(1)</sup>	[•]

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

### Proposed Schedule of Implementation and Deployment of Funds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on July 14, 2021, our Company has deployed Rs. 16.01 million towards one of the Objects of the Offer being prepayment/repayment of certain secured borrowings availed by our Company.

(₹ in million)

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Estimated Utilisation of Net Proceeds (Financial Year 2021-22)
1.	Prepayment/repayment of certain secured borrowings availed by our Company	500.00	500.00
2.	Funding the working capital requirements of the Company	450.00	450.00
3.	General corporate purposes <sup>(1)</sup>	[●]	[●]

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

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the Objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) timely completion of the Offer; (iv) market conditions outside the control of our Company; and (v) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

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

### Means of Finance

The fund requirements set out for the aforesaid Objects are proposed to be met entirely from the Net Proceeds, internal accruals, networth and existing debt financing. Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 4(2) (g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

### DETAILS OF THE OBJECTS

The details of the Objects are set out below:

#### 1. Repayment/Prepayment of certain secured borrowings availed by our Company

Our Company has entered into various borrowing arrangements with banks and financial institutions including borrowings in the form of terms loans, and fund based and non-fund based working capital facilities. For details of these financing arrangements including indicative terms and conditions, see “Financial Indebtedness” on page 188 of Red Herring Prospectus.

Our Company intends to utilize ₹ 500.00 million of the Net Proceeds towards repayment or prepayment of all or a portion of the principal amount and the accrued interest thereon in case of certain loans availed by our Company. Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds. Given the nature of the borrowings and the terms of repayment or prepayment,



the aggregate outstanding amounts under the borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment. Also, our Company may avail additional loan facilities or draw down on in its working capital facilities from time to time to meet its business requirements. Accordingly, our Company may utilise the Net Proceeds for repayment/prepayment of any such refinanced facilities (including any prepayment fees or penalties thereon) or any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in part or full, will not exceed ₹ 500.00 million. We believe that such repayment or prepayment will help reduce our outstanding indebtedness and debt servicing costs and enable utilization of the internal accruals for further investment towards business growth and expansion. In addition, we believe that this would improve our ability to raise further resources in the future to fund potential business development opportunities.

The details of the outstanding loans proposed for repayment or prepayment, in full or in part from the Net Proceeds are set forth below.

Name of the lender	Initial date of sanction	Nature of loan	Initial Sanctioned amount (₹ in million)	Total outstanding amount as on July 14, 2021 (₹ in million)	Interest rate*	Repayment schedule	Purpose for which the loan was sanctioned	Amount proposed to be repaid from the Net Proceeds (₹ in million)#
State Bank of India	December 28, 2015	Term Loan	210.00	138.87	12.55%	26 quarterly installments starting from quarter 3 of FY 2017-18	Capital expenditure for Unit II	140.00
Bank of Baroda	February 26, 2016	Term Loan	500.00	345.12	12.65%	26 quarterly installments starting from quarter 3 of FY 2017-18	Capital expenditure for Unit II	360.00

\*Interest rate linked to ECR will be applicable till the validity of ECR. After expiry of ECR, interest rate linked to CRA will be applicable.

# Our Company has repaid borrowings to the tune of Rs. 16.01 million from internal accruals which were proposed to be financed from the Net Proceeds. We may further repay some borrowings till the listing of equity shares in accordance with the relevant repayment schedule of the above respective loans and such repayments shall be accordingly adjusted from the Net Proceeds.

The amount outstanding as of July 14, 2021 has been certified by our Statutory Auditors by way of their certificate dated July 15, 2021. Further, our Statutory Auditors have confirmed that the above borrowings have been utilized for the purposes for which such borrowings were availed.

## **2. Funding the working capital requirements of the Company**

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth, financing from various banks and financial institutions, unsecured loans and capital raising through issue of Equity Shares. As on March 31, 2019, March 31, 2020 and March 31, 2021, the amount outstanding on our Company's fund based working capital facilities was ₹ 554.17 million, ₹ 757.16 million and ₹ 734.75 million respectively as per Restated Financial Statements and the amount outstanding on our Company's non-fund based working capital facility was ₹ 119.08 million, ₹ 139.06 million and ₹ 118.18 million respectively. As on March 31, 2021, our sanctioned working capital facilities comprised fund based limit

of ₹883.10 million and non-fund facilities of ₹ 165.00 million. While the sanctioned working capital facility from one of our lenders, namely ECL Finance Limited, is ₹ 300.00 million, the disbursement for the said working capital facility has been restricted to ₹ 200.00 million pursuant to the internal arrangement with the lender. For further details, please refer to the chapter titled “*Financial Indebtedness*” beginning on page 188 of the Red Herring Prospectus.

#### **Basis of estimation of working capital requirement**

Our Company’s existing working capital requirement and funding on the basis of Restated Financial Statements as of March 31, 2019 and March 31, 2020 are as stated below:

<i>Amount (₹ in million)</i>		
<b>Particulars</b>	<b>Fiscal 2019</b>	<b>Fiscal 2020</b>
<b>Current Assets</b>		
Inventories		
-Raw materials	178.52	151.33
-Work-in-Progress	150.31	162.75
-Finished Goods	407.94	702.01
-Others	57.99	38.42
Financial Assets		
-Trade Receivables	833.62	963.57
-Cash and Bank Balance	44.93	35.40
-Loans and Other Financial Assets	0.43	0.71
Other Current Assets	47.57	70.50
<b>Total (A)</b>	<b>1,721.30</b>	<b>2,124.69</b>
<b>Current Liabilities</b>		
Trade Payables		
-For Raw Material, Packing Material and Finished Goods	364.84	407.46
-For Expenses & Others	211.05	289.74
Other Financial Liabilities, Current Liabilities and Short Term Provisions	370.25	259.73
Current Tax Liabilities (Net)	23.69	26.19
<b>Total (B)</b>	<b>969.82</b>	<b>983.12</b>
<b>Total Working Capital (A)-(B)</b>	<b>751.49</b>	<b>1,141.57</b>
<b>Funding Pattern</b>		
Working capital funding from bank/ financial institutions/others	554.17	757.16
Internal accruals/networth	197.32	384.41

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated March 5, 2021 and confirmed by the IPO Committee resolution dated March 11, 2021 has approved the business plan for the three year period for Fiscals 2021, 2022 and 2023. The actual and projected working capital requirements for Fiscal 2021 and 2022 respectively are as stated below:

<i>(Rs in million)</i>		
<b>Particulars</b>	<b>Fiscal 2021 (Audited)</b>	<b>Fiscal 2022 (Projected)</b>
<b>Current Assets</b>		
Inventories		
-Raw materials	108.73	248.76
-Work-in-Progress	165.59	250.79
-Finished Goods	711.90	999.94
-Others	57.14	36.31

<b>Particulars</b>	<b>Fiscal 2021 (Audited)</b>	<b>Fiscal 2022 (Projected)</b>
Financial Assets		
-Trade Receivables	900.82	1,009.61
-Cash and Bank Balance	53.12	44.28
-Loans and Other Financial Assets	2.05	0.79
Other Current Assets	73.62	59.96
<b>Total (A)</b>	<b>2,072.97</b>	<b>2,650.44</b>
<b>Current Liabilities</b>		
Trade Payables		
-For Raw Material, Packing Material and Finished Goods	301.93	443.75
-For Expenses & Others	206.80	221.88
Other Financial Liabilities, Current Liabilities and Short Term Provisions	195.81*	121.15
Current Tax Liabilities (Net)	29.65	30.00
<b>Total (B)</b>	<b>734.18</b>	<b>816.78</b>
<b>Total Working Capital (A)-(B)</b>	<b>1,338.79</b>	<b>1,833.66</b>
<b>Funding Pattern</b>		
Working capital funding from bank/ financial institutions/others	734.75	751.94
Internal accruals/networth	604.04	631.72
Proceeds from IPO	-	450.00

\*Excluding current maturities of term loans proposed to be repaid from the Net Proceeds.

#### **Assumption for working capital requirements**

Assumptions for Holding Levels\*

(In months)

<b>Particulars</b>	<b>Holding Level for Fiscal 2019</b>	<b>Holding Level for Fiscal 2020</b>	<b>Holding Level for Fiscal 2021 (Estimated)</b>	<b>Holding Level for Fiscal 2022 (Estimated)</b>
<b>Current Assets</b>				
Raw materials	2.56	1.91	1.67	2.00
Work-in-Progress	0.97	0.86	0.95	0.83
Finished Goods	2.18	3.34	3.25	2.92
Trade Receivables	4.13	4.80	4.25	3.00
<b>Current Liabilities</b>				
Trade Payables for Raw Material, Packing Material and Finished Goods	3.92	5.03	4.34	3.00

#### **Justification for "Holding Period" levels**

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

<b>Inventories</b>	<p>Raw material: We have assumed raw material inventory period of 2 months for the Fiscal 2022 which is slightly higher of our raw material inventory days of 1.91 months for Fiscal 2020 and 1.67 months for Fiscal 2021.</p> <p>Work in Progress: We have assumed work in progress inventory period of 0.83 months days for the Fiscal 2022 which is on similar line with our WIP requirement of 0.86 months for Fiscal 2020 and slightly lower than our WIP requirement of 0.95 months for the Fiscal 2021.</p>
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	Finished Goods: We have assumed finished goods inventory of 2.92 months for Fiscal 2022 which is slightly lower than our finished goods inventory of 3.34 months for Fiscal 2020 and 3.25 months for Fiscal 2021 as we intend to focus on rationalizing our inventory management to meet our future requirement while not carrying undue levels of inventory. Further due to Covid-19 lockdown, we could not utilise last few business days of March'20 which also resulted in higher inventories in that period.
<b>Trade Receivables</b>	Our Company shall give credit facility of around 3.00 months to our debtors for Fiscal 2022 as compared to 4.80 months for Fiscal 2020 and 4.25 months for Fiscal 2021. Going forward our Company intends to provide stringent credit facility to our debtors to increase our liquidity and business operations. Further due to Covid-19 lockdown, we could not utilise last few business days of March'20 which also resulted in higher trade receivables in that period.
<b>Trade Payables for Raw Material, Packing Material and Finished Goods</b>	We have assumed trade payables for Raw Material, Packing Material and Finished Goods period of 3.00 months for the Fiscal 2022 as against credit period of 5.03 months for Fiscal 2020 and 4.34 months for Fiscal 2021 as we intend to prune our creditor days by usage of funds proposed to be raised through the Offer, so as to achieve better negotiating terms viz: bulk discount, price offering etc. from creditors. Further due to Covid-19 lockdown, we could not utilise last few business days of March'20 which also resulted in higher trade payables in that period.
<b>Capacity Utilisation &amp; Demand</b>	It is further assumed that the present capacity, capacity proposed to be procured through outsourcing arrangements and demand will be adequate to generate the desired results of operations.

Our Company proposes to utilize ₹ 450.00 million of the Net Proceeds in Fiscal 2022 towards our working capital requirements. The balance portion of our working capital requirement for the Fiscal 2022 will be arranged from existing networth, cash credit facilities and internal accruals.

Pursuant to the certificate dated March 13, 2021 and certificate dated July 14, 2021, our Statutory Auditors, have compiled the working capital requirements from the Restated Financial Statements for the Fiscal 2019, 2020 and 2021.

### **3. General Corporate Purposes**

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

- a) strategic initiatives;
- b) brand building and strengthening of marketing activities; and
- c) ongoing general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

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

### **OFFER RELATED EXPENSES**

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Offer expenses are as follows:

Activity	Estimated expenses <sup>(1)</sup> (₹ in million)	As a % of the totalestimated Offer expenses <sup>(1)</sup>	As a % of the totalOffer size <sup>(1)</sup>
Book Running Lead Managers' fees	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(2)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to theOffer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software feesand other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders, Eligible Employees which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.15% of the Amount Allotted* (plus applicable taxes)
Employee Reservation Portion	0.25% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

No additional processing fees shall be payable to the SCSBs on the applications 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 of Rs. 10/- per valid application (plus applicable taxes) for processing the Bid cum Application of Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees procured by the Syndicate Member/ Sub-Syndicate Members/ Registered Brokers / RTAs / CDPs and submitted to SCSBs for blocking. In case the total ASBA processing charges payable to SCSBs exceeds Rs. 2.50 million, the amount payable to SCSBs would be proportionately distributed based on the number of valid applications such that the total ASBA processing charges payable does not exceed Rs. 2.50 million.

#### **For Syndicate (including their Sub-Syndicate Members), RTAs and CDPs**

**Brokerages, selling commission and processing/uploading charges** on the portion for Retail Individual Bidders (using the UPI mechanism), portion for Non-Institutional Bidders and Eligible Employees which are procured by members of Syndicate (including their Sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts-linked online trading, demat and bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.15% of the Amount Allotted* (plus applicable taxes)
Employee Reservation Portion*	0.25% of the Amount Allotted* (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

*The selling commission payable to the Syndicate/ Sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the 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 by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate/ Sub-Syndicate Member.*

*The payment of selling commission payable to the sub-brokers/ agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.*

*The 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.*

*Uploading charges/ processing charges of Rs.10/- valid application (plus applicable taxes) is applicable only in case of Bid uploaded by the members of the Syndicate, RTAs and CDPs: for applications made by Retail Individual Investors using the UPI Mechanism. In case the total processing charges payable under this head exceeds Rs. 2.50 million, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed Rs. 2.50 million.)*

*Uploading charges/processing charges of Rs.10/- valid applications (plus applicable taxes) are applicable only in case of Bid uploaded by the members of the Syndicate, RTAs and CDPs: (a) for applications made by Retail Individual Bidders using 3-in-1 type accounts; and (b) for Non-Institutional Bids using Syndicate ASBA mechanism / using 3-in-1 type accounts. (In case the total processing charges payable under this head exceeds Rs. 2.50 million, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed Rs. 2.50 million.)*

*The Bidding/uploading 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.*

**For Registered Brokers:**

*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 submitted to SCSB for processing would be as follows:*

Portion for Retail Individual Bidders and Non-Institutional Bidders	₹ 10/- per valid application* (plus applicable taxes)
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*\*Based on valid applications.*

**For Sponsor Bank:**

*Processing fees for applications made by Retail Individual Bidders using the UPI mechanism will be ₹6 per valid Bid cum Application Form\* (plus applicable taxes), subject to maximum processing fee not exceeding INR 1.00 million . The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI Circulars, the Syndicate Agreement and other applicable laws.*

*\* For each valid application*

Subject to applicable law, other than the listing fees, all costs, fees and expenses with respect to the Offer will be shared amongst our Company and the Selling Shareholder, on a pro-rata basis, in proportion to the number of Equity Shares, Allotted by the Company in the Fresh Issue and sold by the Selling Shareholder in the Offer for Sale, upon the successful completion of the Offer. Upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, the Selling Shareholder shall reimburse the Company for any expenses in relation to the Offer paid by the Company on behalf of the Selling Shareholder. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related expenses will be borne by our Company. The Offer expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

## **BRIDGE FINANCING**

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

## **INTERIM USE OF FUNDS**

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

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

## **MONITORING UTILIZATION OF FUNDS**

Our Company has appointed Axis Bank Limited as the Monitoring Agency for monitoring the utilisation of Net Proceeds, as our Fresh Issue size exceeds ₹ 1,000 million, in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before our Audit Committee. 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 Auditors. Further, in accordance with the Regulation 32 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 Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

## **VARIATION IN OBJECTS**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the Objects of the 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 Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

## **OTHER CONFIRMATIONS**

No part of the Net Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Managerial Personnel or Group Companies, except in the normal course of business and in compliance with the applicable laws.

## BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and Selling Shareholder, in consultation with the BRLM on the basis of an assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares of our Company is Rs.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.

Investors should also refer to the chapters “Risk Factors”, “Our Business”, “Restated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 22, 119, 160 and 164, respectively of this Red Herring Prospectus, to have an informed view before making an investment decision.

## QUALITATIVE FACTORS

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

- State-of-the-art, automated manufacturing facilities with strong focus on design and quality
- Widespread sales and dealers network
- Wide product portfolio comprising 1000+ designs
- Experienced management and dedicated employee base

For further details, refer to heading “Our Strengths” under the chapter titled “Our Business” beginning on page 120 of this Red Herring Prospectus.

## QUANTITATIVE FACTORS

Some of the information presented below relating to our Company is derived from the Restated Financial Statements. For details, see “Restated Financial Statements” on page 160 of this RHP.

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

### 1. Basic and Diluted Earnings per Share (EPS) at face value of Rs. 10 each:

Year ended	Basic and diluted EPS (Rs.)	Weight
March 31, 2021	4.54	3
March 31, 2020	3.36	2
March 31, 2019	2.66	1
<b>Weighted average</b>	<b>3.83</b>	

### Note:-

1. Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard (Ind AS) 33 ‘Earnings per Share’ prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with the requirement of SEBI ICDR Regulations.

2. The ratios have been computed as below:

Basic Earnings per share (Rs.) =  $\frac{\text{Restated profit after tax for the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings per share (Rs.) =  $\frac{\text{Restated profit after tax for the year}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$

Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.



2. **Price to Earnings (P/E) ratio in relation to Price Band of Rs. [●] to Rs. [●] per Equity:**

Particulars	P/E Ratio at the lower end of Price Band (no. of times)	PE Ratio at the higher end of Price Band (no. of times)
Based on basic EPS for Fiscal 2021	[●]	[●]
Based on diluted EPS for Fiscal 2021	[●]	[●]

Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	61.20
Lowest	NA
Average	42.76

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 chapter. For further details, see “– Comparison of Accounting Ratios with listed industry peers” hereunder.

3. **Return on Net worth (RoNW)**

Year ended	RoNW (%)	Weight
March 31, 2021	11.88%	3
March 31, 2020	9.97%	2
March 31, 2019	8.78%	1
<b>Weighted Average</b>	<b>10.73%</b>	

**Note:**

1.  $\text{RoNW}(\%) = \frac{\text{Restated profit after tax for the year}}{\text{Restated Networth as at the end of the year}}$
2. Networth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Networth of the Company.
4. **Net Asset Value (NAV) per Equity Share (Face value of Rs. 10 each)**

Particulars	NAV per share (Rs.)
As on March 31, 2021	38.20
Net Asset Value per Equity Share after the Offer at Floor Price	[●]
Net Asset Value per Equity Share after the Offer at Cap Price	[●]
Offer Price per equity share	[●]

**Note:**

1.  $\text{NAV per share} = \frac{\text{Restated Networth at the end of the year}}{\text{Total number of equity shares outstanding at the end of the year}}$
2. Networth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Networth of the Company.

3. Offer Price per Equity Share will be determined on conclusion of the Book Building process.

**5. Comparison of Accounting Ratios with listed Industry Peers**

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses:

Name of the Company	CMP*	Basic EPS (Rs. per share)	Diluted EPS (Rs. per share)	P/E Ratio	RONW (%)	NAV (Rs. per share)	Face Value (Rs. per share)	Total Income (Rs. in millions)
Exxaro Tiles Limited	[●]	4.54	4.54	[●]	11.88%	38.20	10.00	2,598.53
<b>Peer Group</b>								
Kajaria Ceramics Limited	990.25	19.37	19.37	51.12	16.48%	117.48	1.00	28,022.00
Asian Granito India Limited	183.70	18.57	18.57	9.89	9.11%	183.82	10.00	12,936.38
Somany Ceramics Limited	664.95	13.62	13.62	48.82	8.80%	154.64	2.00	16,632.40
Orient Bell Limited	328.05	5.36	5.32	61.20	3.20%	167.30	10.00	5,043.40
Murudeshwar Ceramics Limited	32.15	(2.48)	(2.42)	NA	(3.59)%	63.20	10.00	817.52

\*Offer Price of our Company is considered as its CMP.

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the filings made with stock exchanges, available on [www.bseindia.com](http://www.bseindia.com) for the Financial Year ending March 31, 2021.

Source for Exxaro Tiles Limited: Based on the Restated Financial Statements for the year ended March 31, 2021. P/E Ratio shall be computed at the Offer Price.

Notes:

- Considering the nature and size of business of the Company, the peers are not strictly comparable. However, above Companies have been included for broad comparison.
  - Current Market Price (CMP) is the closing prices of respective scripts as on July 13, 2021.
  - P/E Ratio has been computed based on the closing market price of equity shares on July 13, 2021, divided by the Basic EPS.
  - RoNW is computed as net profit after tax attributable to equity shareholders divided by net worth as at March 31, 2021.
  - Net worth has been computed as sum of paid-up equity share capital and other equity. In case of Orient Bell Limited, amalgamation reserve has been excluded while calculating its Network. In case of Murudeshwar Ceramics Limited, money received against share warrants has been excluded while calculating its Network.
  - NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.
6. The Offer Price will be [●] times of the face value of the Equity Shares.

The Offer Price of ₹[●] has been determined by<sup>96</sup>our Company and the Selling Shareholder, in

consultation with the BRLM, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Bidders should read the above-mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Restated Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 22, 119, 160 and 164, respectively, to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the “*Risk Factors*” on page 22 and you may lose all or part of your investment.

## STATEMENT OF SPECIAL TAX BENEFITS

To,  
**The Board of Directors**  
**Exxaro Tiles Limited**  
Survey No.169 & 170,  
Vavdi-Harsol Road, At & Po.Mahelav,  
Ta. Talod, Dist. Sabarkantha-383305, India

**SUB: STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO EXXARO TILES LIMITED (“COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY PREPARED TO COMPLY WITH THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (“ICDR REGULATIONS”)**

1. We, M/s H. B. Kalaria & Associates, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed Annexure A, prepared by the Company and initialed by us and the Company for identification purpose (“**Statement**”) for the proposed initial public offering of equity shares of the Company (“**Offer**”), provides the possible special tax benefits available to the Company and to its shareholders under the Income Tax Act, 1961 (read with the rules, circulars and notifications issued in connection thereto), as amended by the Finance Act, 2021, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India and under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Service Tax Act, 2017 (GST Act”), (read with Goods And Service Tax Rules, Circulars and Notifications) as amended by the Finance Act, 2021 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.
2. The benefits discussed in the enclosed Annexure covers only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company/ shareholders. Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and for claiming/ utilisation of these available tax benefits. The benefits discussed in the enclosed Statement are not exhaustive. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.
3. We do not express any opinion or provide any assurance as to whether:
  - the Company or its shareholders will continue to obtain these benefits in the future; or
  - the conditions prescribed for availing of the benefits, where applicable have been/would be met with.
  - The revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.
5. We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ issued by the Institute of Chartered Accountants of India (“**ICAI**”) which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

6. We hereby consent to the extracts of this certificate and the Statement being used in the Draft Red Herring Prospectus to be filed by the Company in connection with the Offer and other Offer related materials.
7. This is not a statement of the tax treatment of any transaction of investing in the company or a treatise on tax rates and tax provisions. It only elaborates any specific benefits that are available to the company or to its shareholders over and above those that are generally available to operating companies and to its shareholders.
8. 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.

**Restriction on Use**

This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, prepared in connection with the Offer to be filed by the Company with the SEBI and other relevant authorities for IPO.

**For M/s H. B. Kalaria & Associates**  
**Chartered Accountants**

Firm Registration No: 104571W

Sd/-

\_\_\_\_\_  
Hasmukh Kalaria  
Partner  
(Membership No. 042002)  
UDIN: 21042002AAAAMC7226

Place: Rajkot  
Date: 13/03/2021

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

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 (“**the Act**”) as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-2022 relevant to the assessment year 2022-23, presently in force in India.

### **I. SPECIAL INCOME TAX BENEFITS AVAILABLE TO THE COMPANY**

There are no special income tax benefits available to the Company.

### **II. SPECIAL INCOME TAX BENEFITS AVAILABLE TO SHAREHOLDERS**

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

### **III. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY**

There are no special indirect tax benefits available to the Company.

#### **NOTE:**

1. The above statement of Tax Benefits sets out the special tax benefits, if any, available specifically to the Company and its shareholders under the current tax laws presently in force in India.
2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
4. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
5. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. 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.

## SECTION IV – ABOUT THE COMPANY

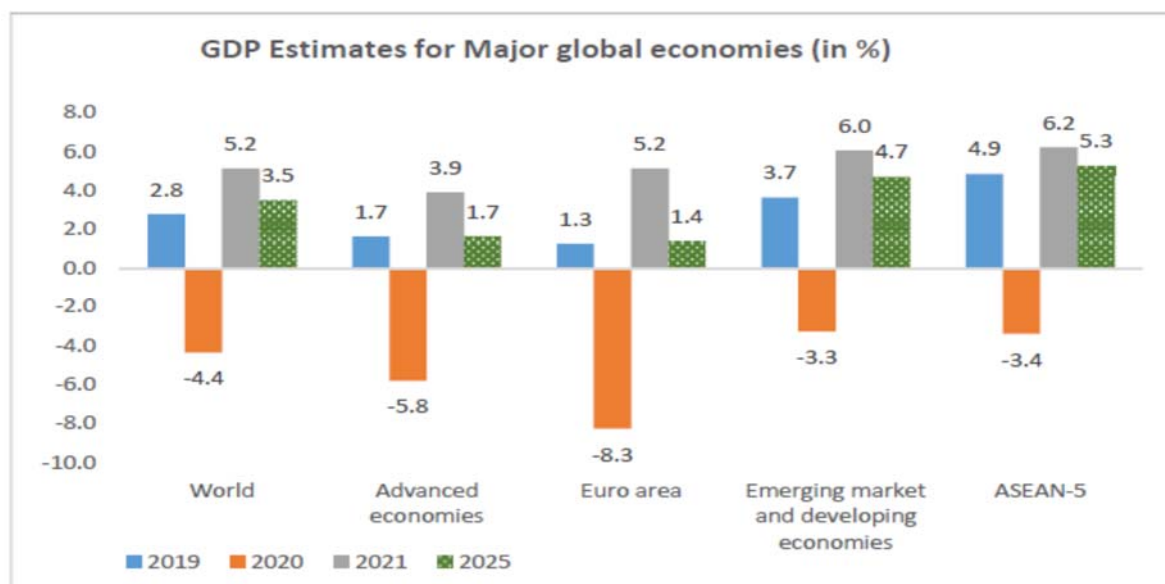
### INDUSTRY OVERVIEW

*The information contained in this section is taken from the Report on “Ceramic Tiles Industry” dated January 11, 2021, as amended prepared by Brickworks Analytics Private Limited. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and the publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

#### **Global Economic Scenario and Outlook**

#### **Signs of economic recovery lead to improved growth prospects; outlook remains extraordinarily uncertain**

COVID-19 and the related lockdowns imposed in response to contain the virus spread have brought in unexpected and irreversible losses globally, disrupting economic activities at large. The path to recovery is still precarious almost 10 months into the COVID-19 pandemic as the virus continues to spread. Despite the stringent social distancing measures implemented, the COVID-19 spread peaked in many major economies, including the United States (US), and several emerging economies.



*Note: GDP projections at constant prices, ASEAN: Association of Southeast Asian Nations*

*Source: IMF's WEO October 2020*

Despite the persistent spread of COVID-19, most economies are continuing to relax containment measures, having deemed strict lockdowns to be economically unsustainable. Consequently, mobility and economic activities have improved in the recent months, leading to a perceptible fall in the pace of GDP contraction in Q3CY20 (where CY stands for calendar year).

Economic activities continue to recover from the depressed Q22020 levels, and the recovery has been quicker than expected. Yet, the pace of improvement has been constrained due to a sustained increase in the coronavirus cases.

The annual growth forecast for 2020 was revised upwards by many countries from their earlier projections. The projections for 2021 and 2022 have also been revised marginally upwards.

Nevertheless, the recent high growth indicators signal a faster-than-estimated recovery in economic activity, and it is hence, expected to normalise completely next year.

Growth forecasts across most of the world's major economies were sharply downgraded initially, but recovery

has now begun. With restrictions being relaxed gradually, the global GDP is expected to shrink at a lower-than-earlier-estimated rate, by 3% to 4% in CY21, and is likely to bounce back in 2022 and estimated to grow by ~5% in CY22.

However, the growth outlook still remains extraordinarily uncertain and is contingent on the course of the virus. The news about the vaccine is positive, but also highlights the significant challenges and uncertainties regarding its production and distribution. The main risk to the global economic outlook is the prolonged pandemic; if it continues further, it can derail the recovery process witnessed lately. The resurgence in COVID-19 infections and associated containment measures are significantly restricting the economic recovery process. The progress in vaccine development by the major economies adds some hopes, tempering further risk, but challenges associated with vaccinating people cannot be overlooked. Added to this, worsening geopolitical tensions such as continued friction between the US and China over trade and technology further hinder the recovery process.

Growth forecasts across most of the world's major economies were sharply downgraded initially, but recovery has now begun. With restrictions being relaxed gradually, the global GDP is expected to shrink at a lower-than-earlier-estimated rate, by 3% to 4% in CY21, and is likely to bounce back in 2022 and estimated to grow by ~5% in CY22.

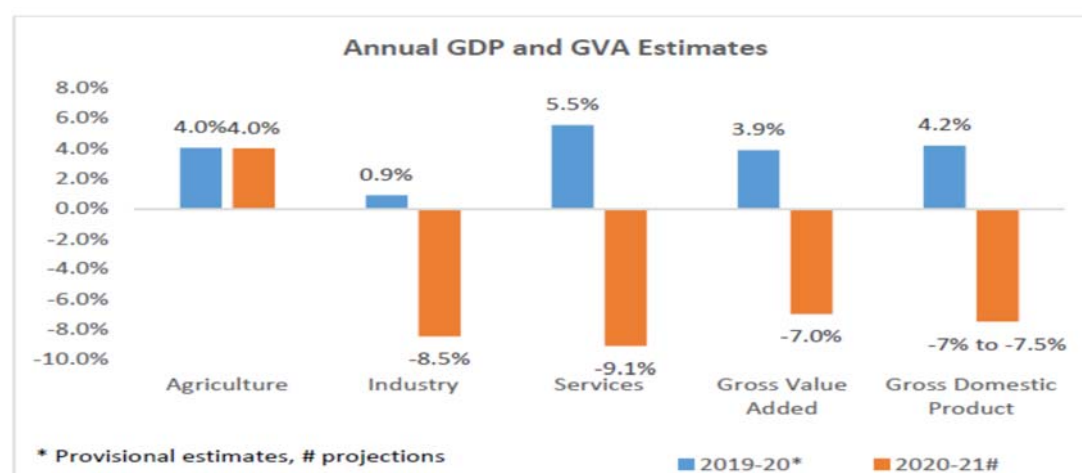
However, the growth outlook still remains extraordinarily uncertain and is contingent on the course of the virus. The news about the vaccine is positive, but also highlights the significant challenges and uncertainties regarding its production and distribution. The main risk to the global economic outlook is the prolonged pandemic; if it continues further, it can derail the recovery process witnessed lately. The resurgence in COVID-19 infections and associated containment measures are significantly restricting the economic recovery process. The progress in vaccine development by the major economies adds some hopes, tempering further risk, but challenges associated with vaccinating people cannot be overlooked. Added to this, worsening geopolitical tensions such as continued friction between the US and China over trade and technology further hinder the recovery process.

### **Domestic Growth outlook**

*Economic recovery is expected to be much better than in other countries*

The imposition of the lockdown since the last week of March 2020 to contain the pandemic spread resulted in severe and unprecedented distress in the domestic economic activity and was reflected in the 23.9% year-on-year (y-o-y) contraction witnessed in the Q1FY21 GDP. The distress in economic activities caused by the lockdown has been sharp and is still continuing; the Q2FY21 GDP brought some optimism with decline in the contraction. However, the 15.7% contraction in H1FY21 GDP is one of the severest contractions recorded among developing countries during the same period.

On the bright side, with the lockdown being relaxed in phases, economic activities are slowly reaching pre-COVID levels; however, they are not completely there yet. Demand and new orders are likely to sustain in H2FY21 on better demand conditions with the loosening of COVID-19 controls. The Indian services economy is on the right path to recovery, but social distancing measures are likely to constrain the recovery process, which could also be delayed, particularly in the trade, hotels, and transport and communication services.



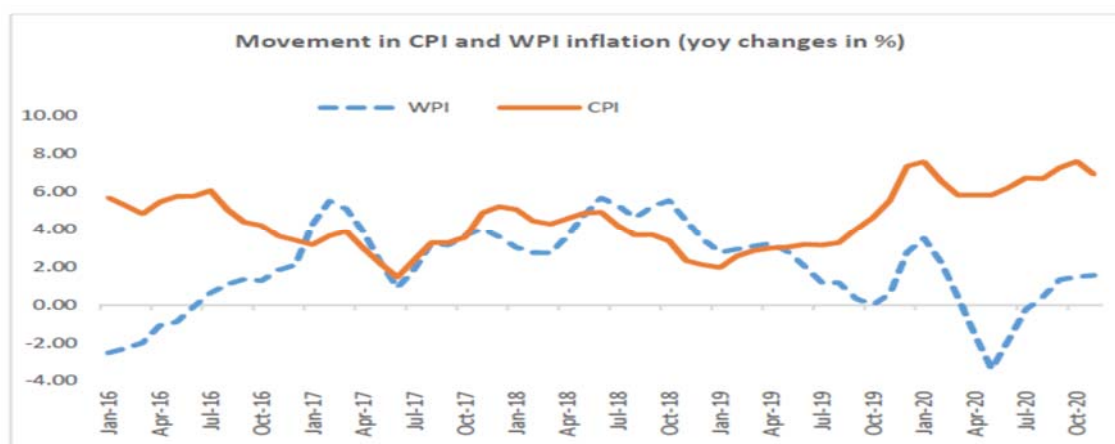
Lower than expected decline in the contraction in Q2 GDP numbers (-7.5%) has brought in certain hopes on the recovery front, although uncertainties still persist on account of a possibility of the risk the virus resurging.



Finding a vaccine may help improve sentiments, but the challenges in vaccinating people cannot be overlooked. The Indian economy has already contracted by 15.7% in H1FY21, and the full fiscal contraction is estimated to be around 7.5%. The growth forecast was revised upwards following the faster-than-expected recovery reported by the manufacturing sector in Q2FY21.

### Higher inflation levels may constrain growth recovery

The outlook for inflation turned adverse in the recent period largely due to supply constraints amid lockdown restrictions. Another major risk is that of excess liquidity in the system as the RBI has taken several liquidity boosting measures since the pandemic situation began, to help financial stability. The RBI has already reduced the interest rates by a massive 115 basis points since March 2020, and the expectation of further rate cuts is limited in the current inflation scenario.



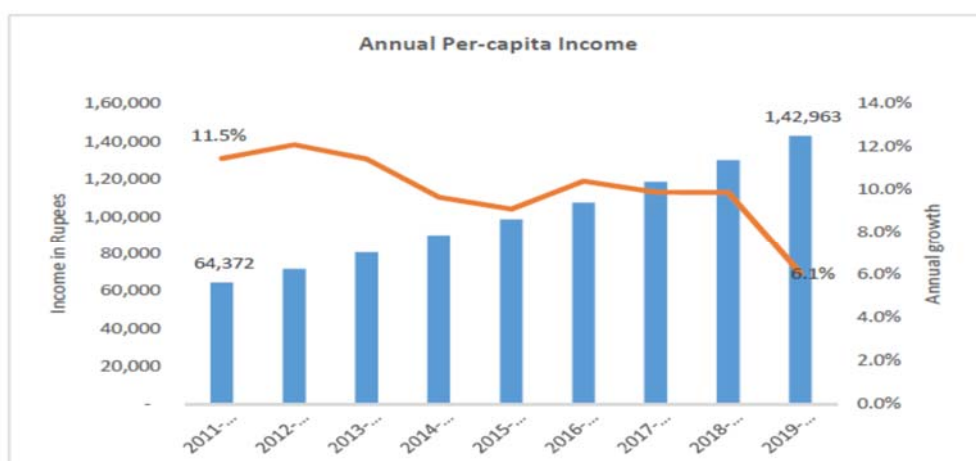
### Government's stimulus measures to support sagging economy

The government and RBI policy responses through measures such as lowering interest rates, offering credit guarantees and liquidity boosting measures, restructuring loans and providing the moratorium have helped the financial sector and manufacturing industries manage financial stress and other constraints better. However, given the stressed fiscal situation, wherein the centre's fiscal deficit is likely to be at 7% to 8% of the GDP, the prospects of a proactive intervention by the central and state governments does not look optimistic. Given the elevated inflation level, any additional monetary easing by the RBI will also entail high risk and therefore, will be constrained.

Union Budget 2021-22, which will be presented on 1 February 2021, will provide clarity on the government's fiscal position, as well as the policy approach to provide an impetus to the economy that has been in a technical recession. If there are some proactive government actions through stimulus measures, the growth contractions could also be marginally lower than the GDP estimates made so far.

### Per-capita income - a major indicator of a country's prosperity

The unorganised informal economy accounts for roughly half of India's GDP, and hence, analyzing the trends in income and income growth is always a challenge. India has witnessed steady progress in the GDP and its annual per capita income. The estimated monthly per- capita income stood at Rs 11,186 in FY20, vis-a-vis Rs 10,543 in FY19, reporting a y-o-y rise of 6.1% (chart below). The recent slow progress in the annual per-capita income is largely due to poor performance in the manufacturing and construction sectors, which pulled the GDP growth rate down to 4.2% in FY20. Given the pandemic situation and related challenges, the economy is likely to contract in FY21; consequently, the per-capita income is also expected to shrink in FY21. However, the growth prospects for the Indian economy are much better than for the world economy as it is expected to grow by ~8% to 10% in FY21, as compared to the estimates of ~5% for the world economy.



Source: Mospi, CSO

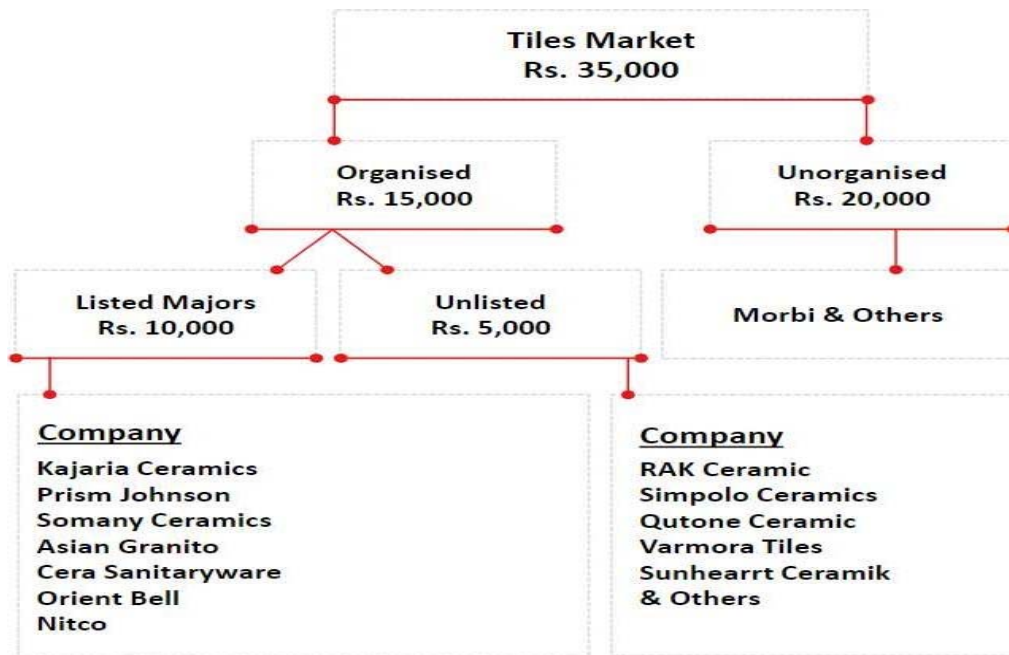
### Indian Ceramic Tiles Industry – Overview

The Indian Ceramic Tiles industry is highly fragmented in nature, with many small-size family- owned entities. The industry enjoys some inherent advantages such as abundant raw material from indigenous sources, advanced infrastructure and low labour costs. The size of the Indian tiles industry is estimated to be around Rs 35,000 to Rs 40,000 crores in 2019 with exports comprising of close to 35% of the sector revenue. While, domestic sales were impacted, due to Covid-19-induced lockdown, one of the strictest ever lockdowns, imposed in the country, exports remained continued to grow in 2020 which restricted the decline in overall size of the industry to just 10-12% in 2020. Although, there has been concerns of exports declining in GCC countries due to imposition of anti-dumping duty, access to newer markets in Europe and North America due to anti-China sentiments will keep the growth in exports strong.



Note: E – BWA Estimate, P – BWA Projection, Source: Ceramic World Review

The sector is highly competitive because of the limited product differentiation and largely unorganised nature of the business. However, the share of organised players is increasing on account of their product innovation, adoption of latest technologies, expanding reach and branding activities. The organised players account for roughly half of the market size, and a few top players such as Kajaria Ceramics, Prism Johnson, Somany Ceramics, Nitco and Asian Granito control the majority chunk of the market.



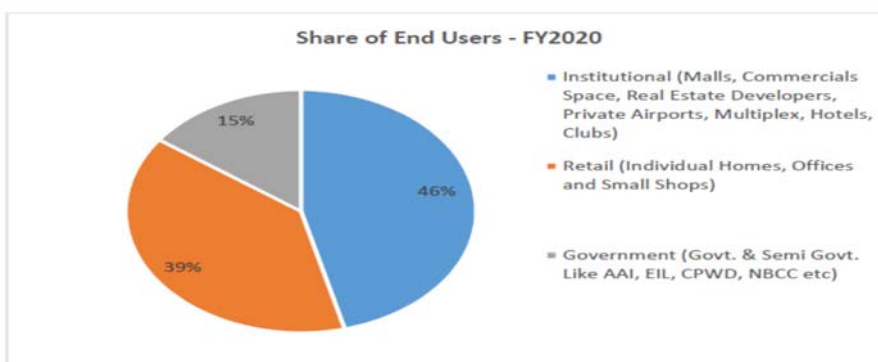
Source: Asian Granito Investor Presentation (Rs. In Crores)

Morbi in Gujarat has been the largest cluster in the country apart from other clusters such as Thangarh, Virudhachalam, Himatnagar, Khurja, Palpara, and East and West Godavari.

#### Morbi – Cluster Highlights

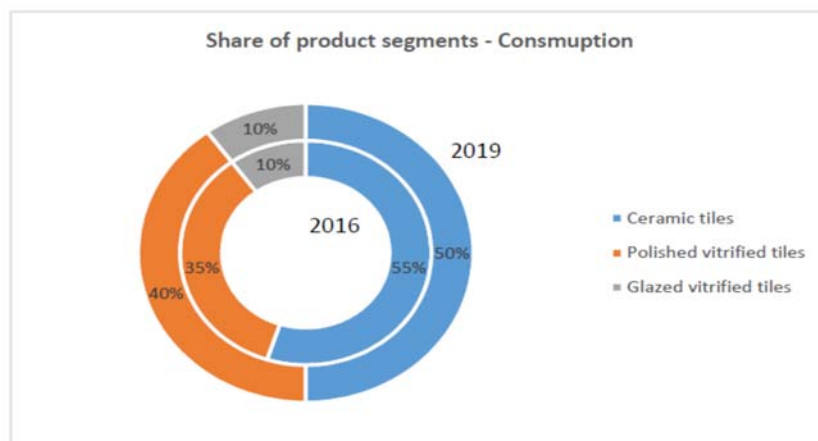


Source: Report by Messe Muenchen India & EAC International Consulting



*Note: Based on information collected from one of the large players, Source: Company Report*

The domestic industry has also now moved on from traditional products such as floor tiles to other value-added products such as glazed vitrified tiles and polished vitrified tiles. Vitrified tiles are ceramic tiles with low porosity. Glazed vitrified tiles have a glazed surface and offers a variety of design, art work and surface textures. These value-added products are witnessing faster growth than traditional products do and are gaining share in the overall product segment.

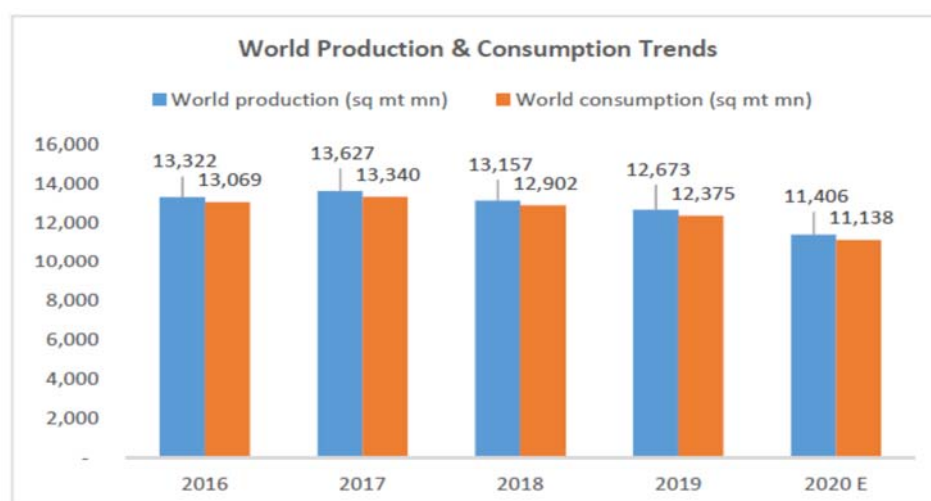


*Source: Company Report, BWA Research*

### **Global and Domestic Demand-Supply Trends**

#### **Global production and consumption declined in 2019, weakened further in 2020**

Global tile production declined in the last couple of years owing to a sharp fall in the production in China for two consecutive years. This fall can be attributed to the anti-dumping duty imposed by many countries (the EU, Brazil, Taiwan, Chile, Vietnam and South Korea, among others) on Chinese tiles. This decline in China was partially offset by healthy growth in India, Brazil, Iran and Vietnam. However, growth in these countries was still not able to restrict overall decline in the production of ceramic tiles globally. Smaller markets such as countries in the Africa region, especially Senegal, Angola, Zimbabwe, Kenya, Uganda, Ethiopia, Ghana and Tanzania, continued to record strong growth in production, which is largely driven by a spurt in Chinese investments in these regions.



*Note: E - BWA Estimate, Source: Ceramic World Review*

China being the largest producer is also the largest market for ceramic tiles in the world. Some other major markets are Brazil, India, Vietnam Indonesia, and the US. Consumption, in line with production, had declined on account of lower demand in Asia, especially in China. The slowdown in the global economy and subdued growth in construction activity in developing countries such as China, India, Indonesia and GCC countries led to decline in the consumption of ceramic tiles globally.

On the other hand, the world trade of ceramic tiles remained more or less stable during 2019. While Chinese exports have gone down, countries such as India, Spain, Iran and Brazil have benefited and were able to increase their exports in the global market. Chinese exports were impacted due to contractions in the three largest foreign markets for Chinese tiles, namely Philippines, South Korea and Indonesia. Africa remained the only region for China to see increased or stable export quantities in 2019. India was able to increase its exports to Saudi Arabia and other GCC countries.

In 2020, world tile production and consumption is estimated to have declined by around 10% to 12% y-o-y. This decline can be attributed to business closures worldwide due to COVID-19. The situation was grave in the major

TOP MANUFACTURING COUNTRIES					
COUNTRY	2015 (Sq.m Mill.)	2016 (Sq.m Mill.)	2017 (Sq.m Mill.)	2018 (Sq.m Mill.)	2019 (Sq.m Mill.)
1. CHINA	5,970	6,495	6,400	5,683	5,187
2. INDIA	850	955	1,080	1,145	1,266
3. BRAZIL	986	871	867	872	909
4. VIETNAM	440	485	560	602	560
5. SPAIN	440	492	530	530	510
6. ITALY	395	416	422	416	401
7. IRAN	300	340	373	383	398
8. INDONESIA	370	360	307	383	347
9. EGYPT	230	250	300	300	300
10. TURKEY	320	330	355	335	296
TOTAL	10,301	10,994	11,194	10,649	10,174
TOTAL WORLD	12,530	13,322	13,627	13,157	12,673

TOP CONSUMPTION COUNTRIES					
COUNTRY	2015 (Sq.m Mill.)	2016 (Sq.m Mill.)	2017 (Sq.m Mill.)	2018 (Sq.m Mill.)	2019 (Sq.m Mill.)
1. CHINA	4,885	5,475	5,498	4,840	4,424
2. BRAZIL	927	789	765	775	802
3. INDIA	763	785	760	750	780
4. VIETNAM	400	412	580	542	467
5. INDONESIA	357	369	336	450	413
6. USA	254	274	284	289	273
7. EGYPT	190	215	252	236	239
8. MEXICO	218	235	242	236	238
9. RUSSIA	192	174	194	209	200
10. IRAN	190	169	170	240	200
TOTAL	8,376	8,897	9,081	8,567	8,036
TOTAL WORLD	12,378	13,069	13,340	12,902	12,375

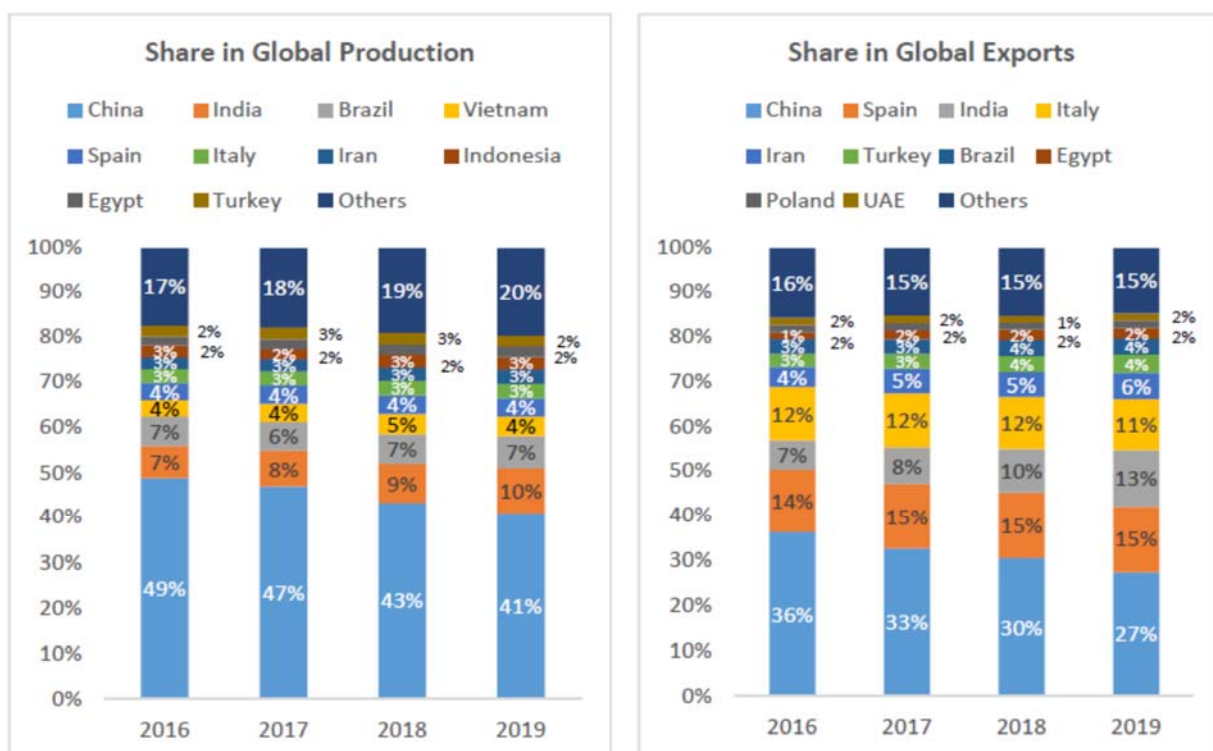
markets such as China, India, Italy, Spain and the US.

Source: Ceramic World Review

**China continues to remain world leader, but its share is decreasing and is estimated to have reduced further in 2020**

China is the world's largest producer, consumer and exporter of ceramic tiles. However, in the past few years, its dominance in the global tiles market has been declining. Exports from China have been declining since 2014 across all the regions.





Source: Ceramic World Review

Chinese exports to Asian markets also fell, with significant decline in export volumes to Philippines, South Korea and Indonesia, which have traditionally been major markets for China. The losses in volumes were smaller in Latin America, Oceania and Europe. The Africa region seems to be the only growing market for Chinese tiles. North America saw the biggest decline following the introduction of countervailing duties and anti-dumping duties on tiles imported into the US from China. China's effective elimination from the US market appears to have occurred in the first quarter of 2020, accelerated by the outbreak of the Coronavirus pandemic.

Hence, with China's share declining, India has been a major beneficiary, with its share in global exports increasing to 13% in 2019 from 7% in 2016. Other nations such as Spain, Iran and Brazil were also able to gain share during this time.

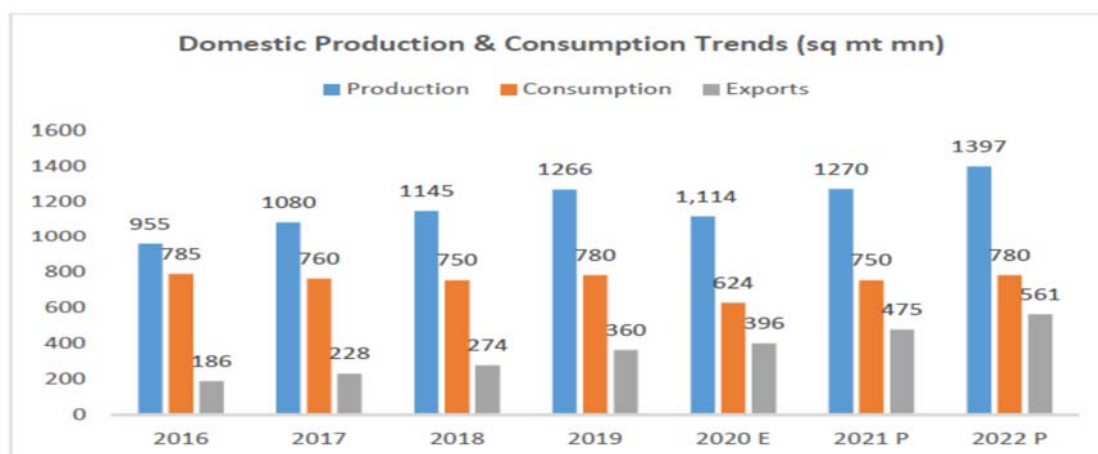
TOP EXPORTING COUNTRIES							
COUNTRY	2016 (Sq.m Mill.)	2017 (Sq.m Mill.)	2018 (Sq.m Mill.)	2019 (Sq.m Mill.)	% on 2019 national production	% on 2019 world exports	% var 19/18
1. CHINA	1,025	908	854	779	15.0%	27.5%	-8.8%
2. SPAIN	395	407	414	415	81.4%	14.6%	0.2%
3. INDIA	186	228	274	360	28.4%	12.7%	31.4%
4. ITALY	332	338	328	323	80.5%	11.4%	-1.5%
5. IRAN	126	148	151	162	40.7%	5.7%	7.3%
6. TURKEY	83	93	101	116	39.2%	4.1%	14.9%
7. BRAZIL	94	90	100	102	11.2%	3.6%	2.0%
8. EGYPT	41	57	68	66	22.0%	2.3%	-2.9%
9. POLAND	46	45	43	50	40.0%	1.8%	16.3%
10. UNITED ARAB EMIRATES	48	46	42	45	54.9%	1.6%	7.1%
TOTAL	2,376	2,360	2,375	2,418	26.3%	85.2%	1.8%
TOTAL WORLD	2,820	2,787	2,806	2,837	22.4%	100.0%	1.1%

TOP IMPORTING COUNTRIES						
COUNTRY	2015 (Sq.m Mill.)	2016 (Sq.m Mill.)	2017 (Sq.m Mill.)	2018 (Sq.m Mill.)	2019 (Sq.m Mill.)	% on 2019 national consumption
1. USA	179	194	202	209	204	74.7%
2. IRAQ	106	112	129	124	138	98.6%
3. SAUDI ARABIA	188	167	131	116	126	66.3%
4. FRANCE	99	104	112	111	113	89.7%
5. GERMANY	100	115	109	106	110	90.2%
6. PHILIPPINES	60	75	82	91	86	67.2%
7. INDONESIA	45	57	64	77	72	17.4%
8. SOUTH KOREA	72	75	78	77	70	70.0%
9. THAILAND	56	54	55	57	61	32.4%
10. ISRAEL	52	57	58	61	60	93.8%
TOTAL	957	1,010	1,020	1,029	1,040	59.6%
TOTAL WORLD	2,710	2,820	2,787	2,806	2,837	22.9%

Source: Ceramic World Review

### Indian Ceramic tiles industry expected to grow at a healthy rate of around 12% to 14% in the next two years

Indian tiles production and exports grew at a healthy pace in 2019 even when the global production declined. The ceramic cluster in Morbi, Gujarat, continued to grow and is now the second largest ceramic cluster globally. Morbi accounts for over 70% of the total production in India and houses over 600 production units, of which many are export-oriented. The domestic industry has received a boost from the introduction of anti-dumping duties on Chinese tile imports. Exports have also witnessed significant growth during the past few years. This growth has been partly driven by the ability to win the market share previously held by China in countries and regions that introduced anti-dumping duties on Chinese ceramic tiles (the EU, Brazil, Taiwan, Chile, Vietnam and South Korea, among others).

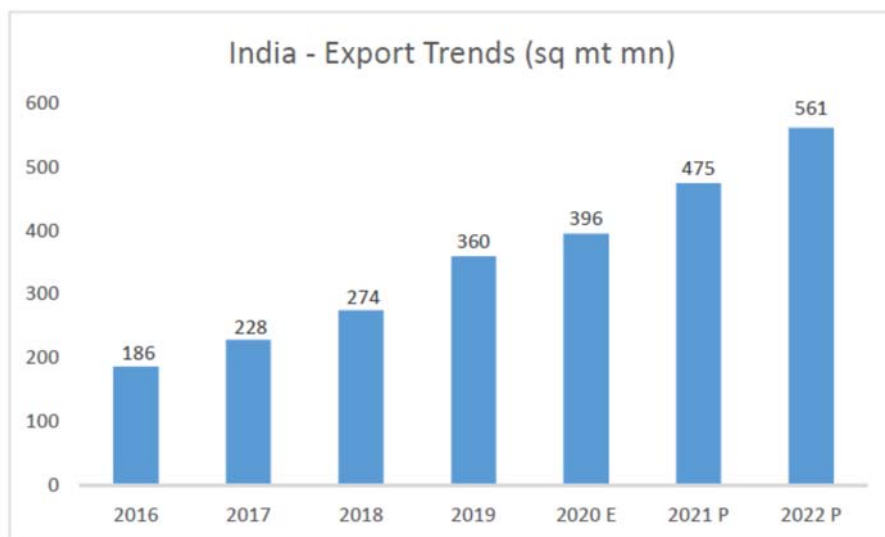


Note: E – BWA Estimate, P – BWA Projection, Source: Ceramic World Review

Domestic tiles production is estimated to have contracted by around 12% y-o-y in 2020. This can be attributed to the Covid-19-induced lockdown, one of the strictest ever lockdowns, imposed in the country. Similarly, consumption also plummeted by around 20% in 2020 (y-o- y). However, the production is expected to improve and grow at a faster rate at 14% and 10%, in 2021 and 2022, respectively, owing to favorable business conditions domestically, as well as globally. Consumption is also likely to increase by 20% and 4% in the next two years, with demand arising from the housing segment. Various government schemes on housing and infrastructure on the domestic front and increasing global demand for exports are likely to drive demand for ceramic tiles.

**Exports from India doubled in last three years and are expected to continue with strong growth in the next couple of years**

India recorded another year of healthy growth in exports in 2019, becoming the third largest exporting country after China and Spain. The export of ceramic tiles from India has doubled in the last three years to 360 sq mt mn in 2019 from 186 sq mt mn in 2016. India's share in world exports has been increasing and replacing China's share on account of anti-dumping duties imposed by various countries on Chinese tiles; this has benefited India the most.



Note: E – BWA Estimate, P – BWA Projection, Source: Ceramic World Review

Exports have been continuously growing and are expected to grow further, going forward, on the back of the imposition of anti-dumping duty by various countries and growing anti-China sentiments. In 2020, India's share in global exports is estimated to have gone up, especially in the regions of North America, which has almost eliminated Chinese imports on the back of the trade war, as well as the pandemic situation worldwide. The major export destinations for India are Saudi Arabia, Mexico, Brazil, the UAE, Oman and Kuwait.

*Geo political developments and trade disputes among major economies are likely to play a favourable role in creating demand for exports in the coming years. Although, there has been concerns of exports declining in GCC countries due to imposition of anti-dumping duty, access to newer markets in Europe and North America due to anti-China sentiments will keep the growth in exports strong. Since the potential to increase the exports to major ceramic importing countries looks bright for India, the industry may be able to continue with double-digit growth of 18% to 20% in exports in the next two years.*

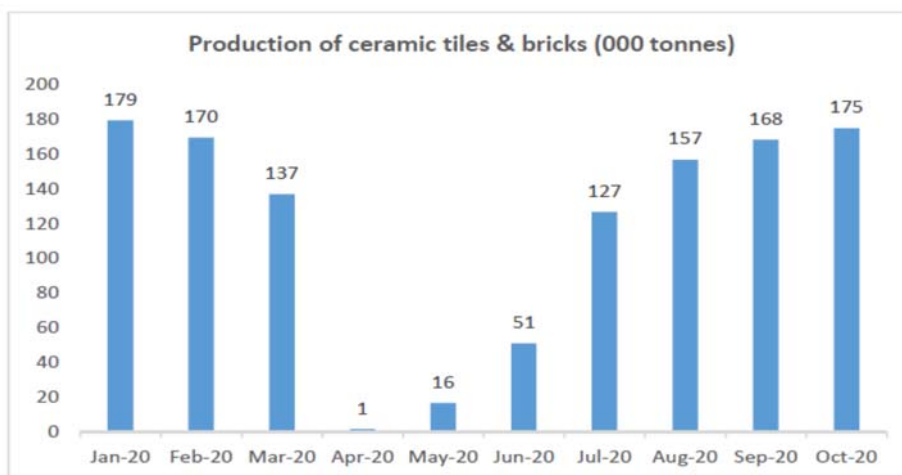




Source: CMIE, BWA Research

### Covid-19 halted the growth for the industry, however revival is expected to be faster

The coronavirus pandemic and the consequent lockdowns by the central and the state governments halted the growth for the ceramic products industry. The tiles sector was struggling domestically over the past 3-4 years on account of issues like real estate sector slowdown, demonetisation, adoption of RERA, GST implementation and the NBFC funding crisis. The pandemic and the lockdowns accelerated the pace of decline.

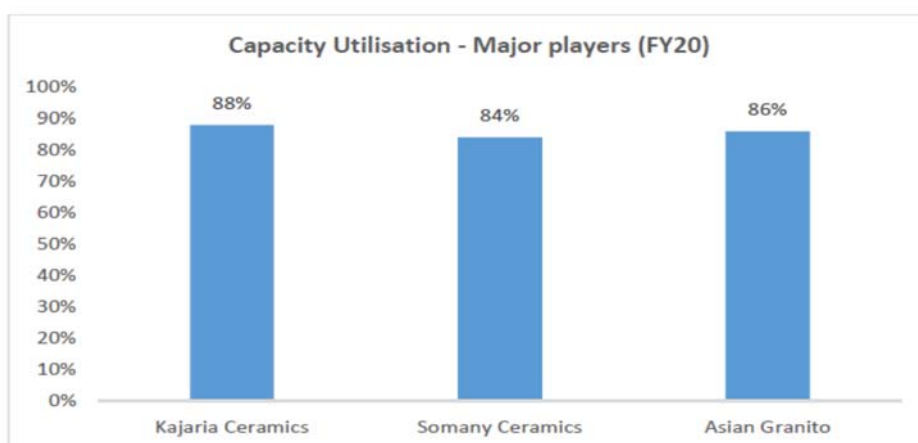


Source: CMIE

The productions in manufacturing units collapsed in the first quarter due to shortage of labour attendance which had started moving to their native places in droves. Supply chains too have been impacted post Covid-19 restricting availability of materials needed for production of tiles in the short term. However, with the economy reviving better than expected, production of ceramic tiles and bricks have also started reaching pre-covid levels. The economic growth forecast was revised upwards following the faster-than-expected recovery reported by the manufacturing sector in Q2FY21.

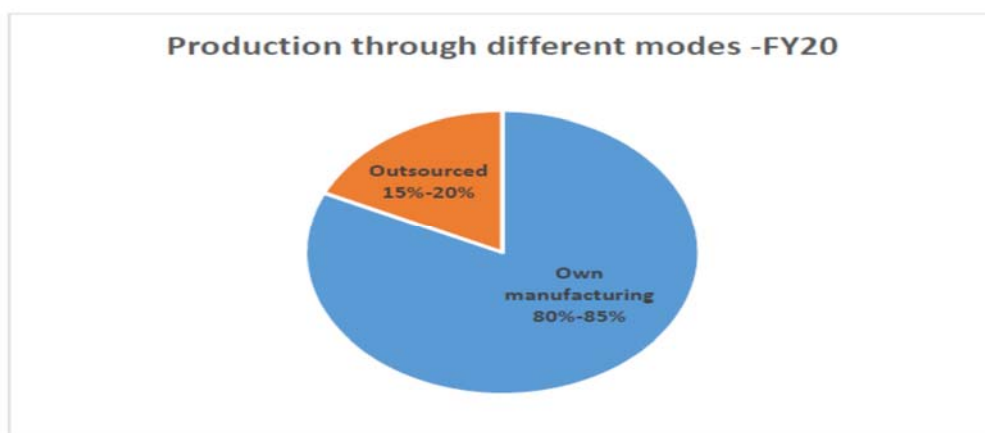
### Optimum capacity utilisation for players, paving way for increased capacity additions going forward

The capacity utilisation for the major players in the industry was on the higher side, i.e., at more than 80%, in FY20. Hence, going forward, as demand increases in the domestic and international markets, further capacity addition will be done to fulfil this demand.



Source: Company Report

As per the trend seen in the industry, the majority of capacity addition has been through joint ventures with small unorganised players or the acquisition of existing operational units. With this model, unorganised players stand to gain as their operation gets streamlined, they get a wider reach and it helps them comply with the government's stringent pollution control norms.



Note: Based on information collected from two of the large players, Source: Company Report

Another trend seen in the industry is outsourcing of production and most of the large players are adopting this asset light approach and utilise the surplus capacity available in the unorganised space instead of going for an expensive greenfield expansion.

### **Government policy support critical for the industry to realise its full potential**

The measures taken by the government go a long way in helping the industry grow to its full potential. Some measures that have been helpful in recent times are as follows:

**Imposition of anti-dumping duty:** The government imposed an anti-dumping duty on ceramic tableware and kitchenware imported from China for five years starting June 2017. This has helped domestic tile manufacturers as cheap imports from China were causing material injury to the domestic industry.

**Government thrust for infrastructure:** The government's push on infrastructure development continues as it ensures increasing funds for core schemes such as Smart Cities, Housing for All by 2022, Swachh Bharat Abhiyan and Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which will bolster the construction industry and in turn pave a growth path for the industry.

**Schemes for MSMEs:** The Indian government has announced various schemes for MSMEs as part of the Aatmanirbhar Bharat package regarding cluster development, technology up gradation, promoting export, liquidity and several others. These schemes are applicable for ceramic small-scale units and clusters as well.

### ***Opportunities and challenges ahead for the Ceramic tiles***

#### ***Opportunities:***

- Rising disposable income
- Demographic changes and infrastructure needs
- Government initiatives such as "housing for all" and investment plan in infrastructure.
- Increased compliance (GST & e-way bill)- to favour organised sector
- USA imposing anti-dumping duty on Chinese tiles exports and the developing anti-Chinese sentiments.

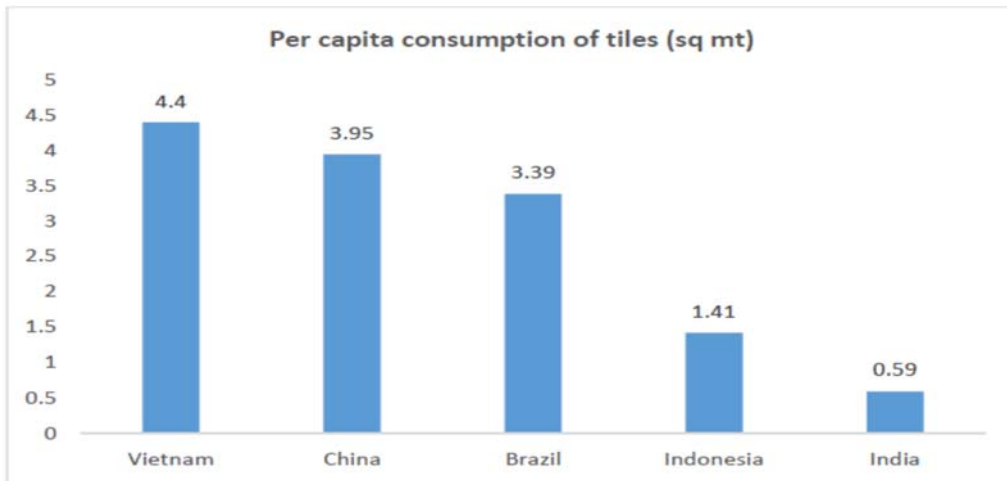
#### ***Challenges:***

- Contraction in the economy
- Slowdown in real estate sector/ construction sector
- Supply chain disruption due to COVID-19 induced restrictions
- GST implementation-Higher rates on construction materials
- NBFC funding crisis and bleak investments outlook
- Volatile fuel prices

#### ***Demand Drivers***

#### **Low per capita consumption of tiles among the developed countries**

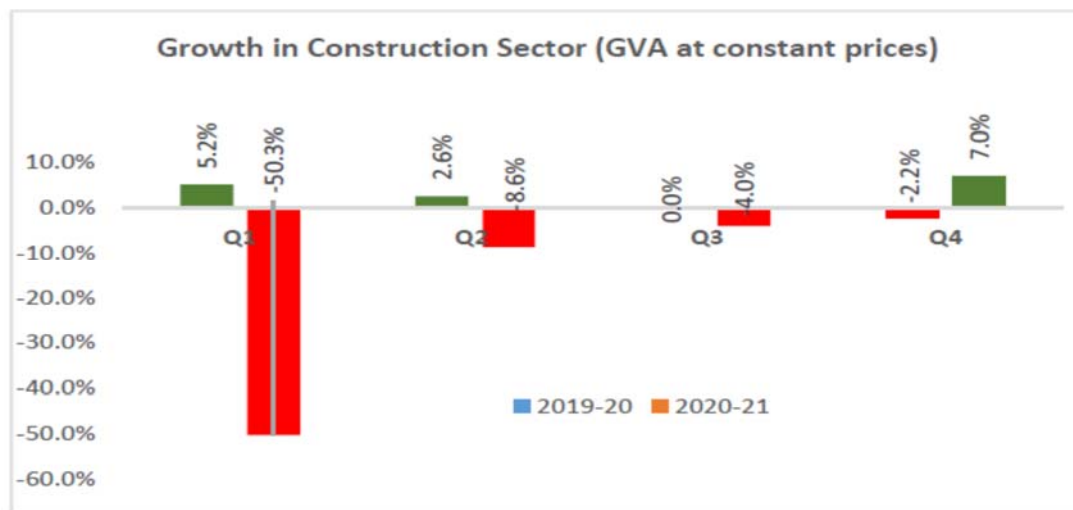
India's per capita consumption stood at 0.59 sq mt compared to the world average per capita consumption of 1.50 sq mt. Low per capita consumption along with demographic changes, provides tremendous scope for future penetration.



Source: ICCTS, Other reports

### Revival in construction sector activity vital for ceramic tiles industry

One of the major factors that drives demand for ceramic tiles is growth in the construction sector on both the domestic and global front. Growing disposable incomes and a growing population constitute prime factors for the increase in demand for construction activity, which drives the market for ceramic tiles. Moreover, the population shift from rural to urban areas in the world has elevated the growth rate even further. India reported one of the starkest contractions in construction sector activity due to the lockdown, and the sector is most likely still suffering from a lack of demand. The loss in income due to job losses and the halt in business activities has resulted in demand for real estate slowing down considerably. Moreover, the cut in the government's spending on infrastructure and real estate business during the first quarter is stalling the recovery process.



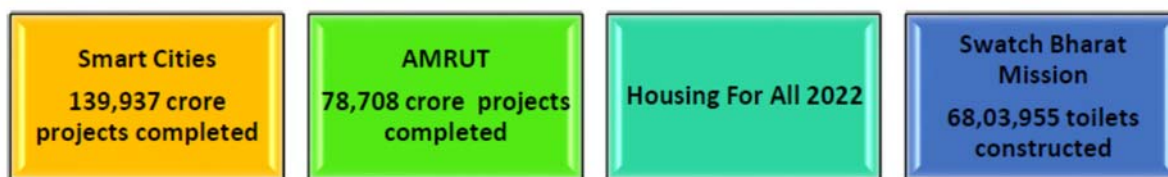
Source: MOSPL, CSO

The market for ceramic tiles is driven by increasing demand in countries such as China, India, Thailand, Indonesia and Vietnam due to significant growth in construction opportunities in these countries. However, lately, the impact of the slowdown in the construction industry was felt by the ceramic tiles industry as well. Many construction projects and activities, including government infrastructure projects, which were initially running, came to a complete halt due to the imposition of lockdowns. As the economy is slowly and gradually getting back to normalcy with easing of the lockdown in phases, demand for ceramic tiles on the domestic, as well as on the global front, is likely to improve in the coming months. However, the sustained spread of COVID-19 continues to remain the major risk in the revival of this sector.

### Government schemes on housing and infrastructure: A significant demand booster to ceramic tiles

The launch of various government initiatives for infrastructure development, such as the increasing number of new housing schemes, are fuelling demand for ceramic tiles. Since 2015, the government has announced various

housing schemes and continued with these, which is expected to drive demand for ceramics, sanitaryware and bathroom fittings, among other items related to construction materials.



Government Housing Schemes	
Pradhan Mantri Awas Yojana	Scheme for Urban Areas launched in 25 <sup>th</sup> June 2015 -To provide housing for all in urban areas by year 2022 (Housing for All by 2022)
P. M. Gramin Awas Yojana	Scheme for Gramin Areas launched in 2015 (Housing for All by 2022)
DDA Housing Scheme	Delhi Government Scheme, Recurring Each Year
T. N. Housing Board Scheme	Tamil Nadu Government Scheme, Recurring Each Year
Mhada Lottery Scheme	Maharashtra Government Scheme, Recurring Each Year
NTR Housing Scheme	Andhra Pradesh Govt Scheme launched in 2016- Affordable housing to people in the state, scheme comes under PMAY

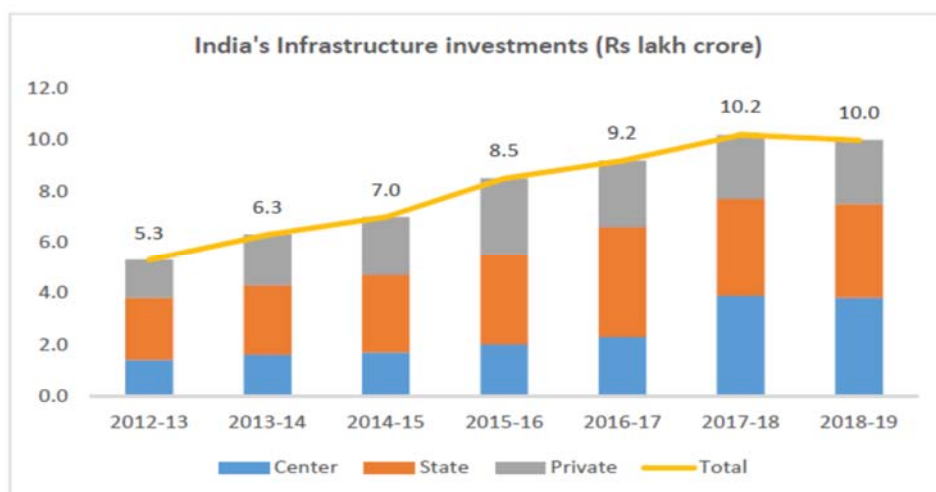
Amongst the many schemes launched by the Indian government, the PMAY- Gramin scheme, part of Housing for All by 2022, has so far completed 54% of the set target of 2.95 crore houses.

On the other hand, under the Pradhan Mantri Awas Yojana- Urban, the government has been able to deliver only 35 lakh houses of 65 lakh built so far, as against the target of building and delivering 1.12 crore houses by the end of FY22. With the set target, the government is likely to accelerate the scheme to complete the mission by 2022.

### Rising investments in infrastructure sector

The government is aiming to create robust infrastructure facilities; on 31 December 2019, the government released the Report of the Task Force on National Infrastructure Pipeline for 2019- 2025, in which it has outlined the plan to spend Rs 102 lakh crore of capital expenditure in infrastructure sectors in India during fiscals 2020 to 2025. Roads, energy, urban housing and rural infra constitute the major portion of the projected capital expenditure in infrastructure, and this is expected to boost infrastructure activity significantly.

On the flip side, the sentiment prevailing in the real estate sector has continued to remain tepid for the last three to four years. The path forward is expected to get better with the government's push to revive this sector. The improving sentiment of the real estate sector is expected to boost demand for ceramic tiles.

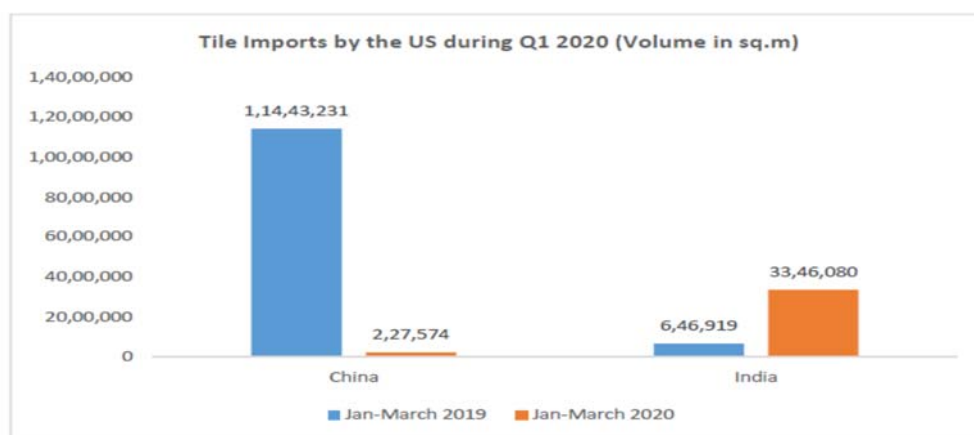


Source: DEA IPF NIP Report 2019

### Growing Anti-China Sentiments

China held a leading share of the market owing to presence of a promising construction industry. However, the introduction of anti-dumping duties on Chinese tile imports led to a freefall in Chinese exports. This helped Indian exporters to report significant growth during the past few years.

Recent data on the imports of tiles by the US reveals that the US's imports from China contracted by 98% in the January to March 2020 quarter over January to March 2019 (in volume terms). China's share fell to 0.6% from 24.8% during the same review period. On the other hand, this dispute helped India increase its exports significantly to this, recording four times growth during the same period. Although the share of exports to the US remains miniscule at 8.5%, India has the potential to replace China in the near term.



Source: Ceramic World Review 2020.

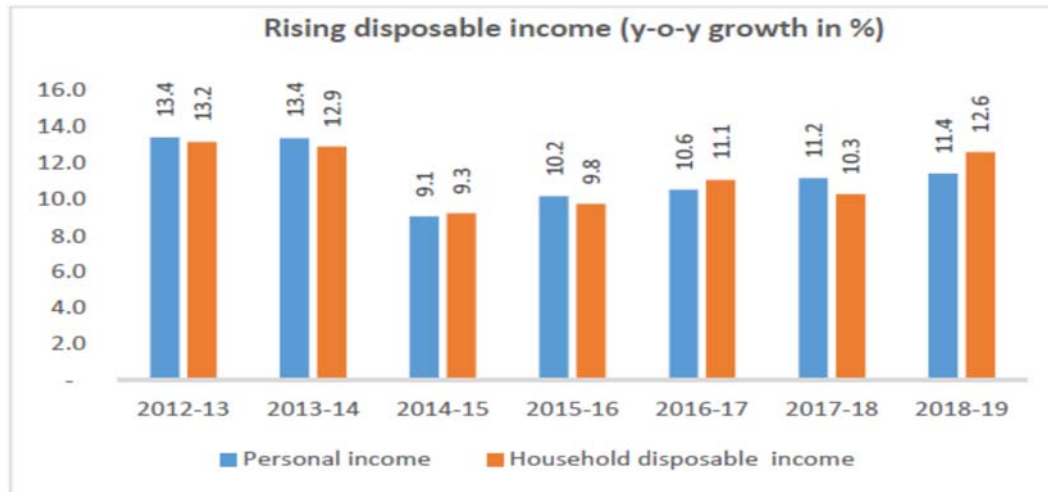
### Shift from traditional to versatile products

Ceramic tiles are expected to replace traditional products, including mosaic and even granite or marble, owing to their added advantages such as versatility, low price, and ease in laying ability.

### COVID-19 to stagnate the steady rise in disposable income and improved spending power

Demand for ceramic tiles is directly related to evolving economic activity. Steady growth in the economy and the consequent rise in the disposable income would lead to an improved standard of living and better spending power, thus creating demand for the housing sector and construction materials. India is a developing country with a rising disposable income. Since 2015-16, the personal and disposable income of households reported double-digit growth. The changing demographics and environment will also need the converged development of a host of infrastructure facilities, including the provision of housing and sanitation services. However, the pandemic and lockdowns created serious disruptions in the economic activities beginning March 2020. The

household disposable income increased in 2019 despite subdued economic growth. In FY20, due to the COVID-19 pandemic, decline in personal and disposable income clearly decreased. In addition, the limited fiscal support for households so far may hurt consumption in the current fiscal. However, the support to rural incomes through increased spending on MGNREGA, cash and food transfers, and the resilient rural economy with positive agriculture sector growth, provides a substantial boost in both agricultural and non- agricultural occupations, showing a stronger pick-up in income growth. Sharp recovery signs in the manufacturing sector also envisage the economy getting back to normalcy faster than expected, with the disposable income likely improving from the next fiscal, thereby helping create demand for housing and construction materials.



Source: MOSPI, CSO

### **Implementation of GST: Help capture larger market share due to shift from unorganised to branded, but higher rates on constructions materials pinch housing sector**

The implementation of GST likely to help in bringing unorganised players into the ambit of the organised structure, but higher and varied GST rates on building materials provide negative implications on the housing sector. Tiles, like bricks, attract a GST rate in the range of 5% to 28%, while roofing and earthen tiles attract 5% GST, and glazed ceramic flags, paving, hearth or wall tiles attract 28% GST. In the case of bamboo flooring tiles, the GST rate is 18%. For other items such as bathroom fittings, the GST rate is mainly 28%, except for pipe fittings, for which it is 18%. The GST for wallpapers is 28%. For interior products, the GST rate is between 18% and 28%.

### **Porter's Five Forces Model - Indian Ceramic Tiles Industry Analysis**

#### *Entry barriers:*

- Entry barriers in the industry is low to moderate
- Looking at the nature of the industry, it is highly fragmented with the presence of multiple small and unorganised players
- Hence, with moderate investments, new player can easily enter the market

#### *Bargaining power of buyers:*

- Buyers bargaining power is moderate in the industry
- With per capita tiles consumption on a lower side in the country, demand is only expected to pick up in the near to medium term
- However, if the current pandemic situation prolongs, this may lead to a contraction in demand

#### *Bargaining power of suppliers:*

- Suppliers bargaining power is higher in this industry
- There is lack of availability of high standard raw materials at reasonable costs
- Also, regular supply of natural gas at cheaper rates is also critical

#### *Rivalry among existing player:*

- Competitive intensity of the industry is high
- Few organised players have been on a acquisition spree in order to increase their market

share

*Threat of substitutes:*

- Threat of substitutes is low in the industry

### Peers in the Industry

**Kajaria Ceramics Ltd** was incorporated in 1985 and manufactures and markets floor and wall tiles (under its brand name Kajaria). It also sells sanitaryware products and faucets under its brand Kerovit. The company is one of the leading floor and wall tile manufacturers in India.

**Somany Ceramics Limited** manufactures ceramic tiles and glazed vitrified tiles, and trades in polished vitrified tiles, along with sanitary ware and bathroom fittings. The company sells products under brands, including Somany, Somany French Collection, Somany Vitro, Somany Duragres, Somany VC, Somany Signature, Somany Glosstra, and Somany Slip Shield.

**Asian Granito India Limited** was incorporated in 2002 as a manufacturer of ceramic tiles. The company has expanded its production capacities as well as product range over the years, and today is a leading ceramic player, manufacturing and marketing flooring solutions under its brand, AGL. The product range includes wall tiles, vitrified tiles, ceramic floor tiles, marble and quartz.

**Murudeshwar Ceramics Limited** was incorporated in 1983, is a publicly listed company. It manufactures glazed ceramic floor tiles, vitrified porcelain, and natural granite slabs, which are marketed under the Naveen brand.

**Orient Bell Limited** is a public limited company listed on the Bombay Stock Exchange and National Stock Exchange. It manufactures glazed ceramic wall, floor, and vitrified tiles under the Orient Bell brand.

### About Exxaro

Exxaro Tiles Pvt Ltd (ETPL) was incorporated in 2008. ETPL is engaged in the manufacturing of double charged vitrified tiles (DCVT) and Glazed Vitrified Tiles (GVT). Exxaro is having all production infrastructure under one roof which is one of the single largest plants in one roof. Company has two plants, one at Talod (two lines) and Padra (one line).

### Peer Benchmark

	Asian Granito				Kajaria Ceramics				Somany Ceramics				Murudeshwar				Orient Bell			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Revenue (Rs crore)	1,137	1,174	1,191	1,229	2,550	2,711	2,956	2,808	1,731	1,713	1,715	1,610	111	121	126	103	637	648	571	492
Growth (y-o-y)	3.3	1.4	3.2		6.3	9.1	-5.0		-1.0	0.1	-6.1		9.2	4.1	-18.0		1.6	-11.8	-13.8	
Market Share (%)			3.5				8.0				4.6				0.3				1.4	
EBITDA margin (%)	11.6	12.3	7.8	10.2	17.9	16.8	15.8	15.7	13.2	11.7	10.6	9.0	24.6	27.2	24.2	28.3	8.1	7.3	6.7	6.3
PAT margin (%)	4.2	4.6	1.6	3.5	8.9	8.2	7.7	9.0	6.0	4.5	3.1	1.2	1.2	4.1	3.8	1.7	1.9	5.9	1.5	1.4
Interest coverage ratio (times)	2.6	3.1	1.8	2.4	12.7	15.7	24.0	17.0	5.5	4.0	2.7	1.2	1.1	1.3	1.3	1.2	2.9	7.5	2.6	1.3
Working capital days	89	99	108	98	37	64	73	80	60	100	102	100	374	361	372	432	37	60	79	76
Debt-Equity	0.8	0.8	0.8	0.6	0.2	0.1	0.1	0.1	0.9	0.9	0.9	0.8	0.3	0.3	0.3	0.2	0.6	0.3	0.4	0.2
Current Ratio	1.2	1.2	1.2	1.2	1.5	1.7	2.0	2.3	1.4	1.3	1.3	1.3	1.4	1.6	1.7	1.5	1.2	1.5	1.3	1.5
Fixed Asset Turnover Ratio	2.2	2.5	2.3	2.2	1.8	1.7	1.8	1.6	3.2	2.8	2.3	1.8	0.3	0.4	0.4	0.3	1.9	3.0	2.3	1.7
Raw material to Sales	53.1	52.6	55.9	58.2	27.8	33.6	35.3	38.3	33.7	38.6	40.2	41.0	23.7	28.1	31.1	31.3	41.1	43.4	45.1	46.9
Employee cost to Sales	6.1	8.0	9.2	8.8	10.1	11.4	11.7	12.7	10.1	12.4	13.3	14.8	12.5	13.6	10.7	12.0	9.5	11.2	13.0	14.7
Selling expenses to Sales	4.8	6.4	6.2	5.4	6.5	6.1	5.1	5.2	6.8	6.2	5.2	5.3	4.5	2.8	3.2	3.7	5.0	6.8	4.9	4.4



	Exxaro				Industry Median (Major 5 Players)			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Revenue (Rs crore)	168	220	242	242				
Growth (y-o-y)		30.7	10.3	-0.3				
Market Share (%)				0.7				
EBITDA margin (%)	18.9	19.0	15.9	18.3	13.2	12.3	10.6	10.2
PAT margin (%)	7.3	8.1	3.3	5.0	4.2	4.6	3.1	1.7
Interest coverage ratio (times)	2.8	3.2	2.3	2.4	2.9	4.0	2.6	1.3
Working capital days	108	129	125	162	60	99	102	98
Debt-Equity*	1.1	1.2	1.0	1.0	0.6	0.3	0.4	0.2
Current Ratio	1.2	1.2	1.2	1.3	1.4	1.5	1.3	1.5
Fixed Asset Turnover Ratio	1.2	0.9	0.8	0.7	1.9	2.5	2.3	1.7
Raw material to Sales	35.9	40.4	32.8	41.1	33.7	38.6	40.2	41.0
Employee cost to Sales	12.7	13.3	11.7	10.7	10.1	11.4	11.7	12.7
Selling expenses to Sales	11.1	9.2	8.5	5.8	5.0	6.2	5.1	5.2

(sq mt mn)	Asian Granito	Kajaria Ceramics	Somany Ceramics	Murudeshwar	Orient Bell	Exxaro
Capacity	25	73	53	8	30	13
Production	20	64	45	6	27	9
Capacity utilisation	80%	88%	84%	75%	90%	70%

Source: Ace Equity, BWA Research

- *Better operating profitability* - Exxaro's profitability margin is better than its other peers in the industry, in fact better than some of the large players as well
- *Slightly stretched Working Capital scenario* - Working capital for Exxaro seems a bit stretched as its working capital days has been around 160 days, much higher than the large players. However, smaller players do have higher working capital days as compared to larger players
  - o Overall inventory level for manufacturers stays at around 120 days
  - o Overall debtors level for industry stays at around 90 days

Exxaro mainly sells its own manufactured goods whereas many other listed players are selling a mix of own manufactured and outsourced goods. Hence Exxaro is required to keep a comparatively higher level of raw material (of different components) and finished goods inventory as compared to other players. Peers who are procuring finished goods through outsourcing are required to keep minimal inventory of finished goods and no inventory of raw material for traded goods segment.

- *Scope for better capacity utilisation* - Fixed asset turnover ratio for Exxaro is lower than other players which may be on account of lower capacity utilisation
- *Lower operating costs* - Employee cost as % of sales for Exxaro is lower than the industry median which has resulted in higher profitability margins
- *High debt-equity* - Debt-Equity ratio for Exxaro was highest in FY20. The Company has set up its Unit II in 2016. Capex incurred for such Unit II was partly funded through debt and it has also availed debt to fund its working capital requirements. These factors led to increase in the debt equity ratio.



## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 17 for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” on page 22 for a discussion of certain risks that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.*

*Unless otherwise indicated or context requires otherwise, the financial information included herein is derived from our Restated Financial Information for Fiscals 2019, 2020 and 2021 included in this Red Herring Prospectus. For further information, see “Restated Financial Statements” on page 160.*

*Unless otherwise indicated, industry and market data used in this chapter has been derived from the Brickwork Report. Neither we, nor the BRLM, nor any other person connected with the Offer has independently verified this information. For details, see “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation” on page 15.*

### Overview

We are engaged in manufacturing and marketing of vitrified tiles used majorly for flooring solutions. We commenced business as a partnership firm in 2007-08 as a manufacturer of frit, which is one of the raw materials used in manufacturing of tiles and have over the years, diversified, expanded and evolved into a manufacturer for vitrified tiles. Our business operations are broadly divided into two product categories:

- **Double Charge Vitrified Tiles:** Double charge vitrified tiles are tiles that are fed through a press which prints the pattern with a double layer of pigment, 3 to 4 mm thicker than other types of tiles. This process does not permit complex patterns but results in a long-wearing tile surface, suitable for heavy traffic commercial projects.
- **Glazed Vitrified Tiles:** Glazed vitrified tiles are flat slabs manufactured from ceramic materials such as clay, feldspar and quartz and other additives and fired at high temperatures to ensure high strength and low water absorption. These tiles are coated with glaze materials prior to the firing process.

As on date, we supply products mainly in 6 sizes. We have 1000+ designs in our product basket, which are marketed under our brand “Exxaro”. We believe that our well-known brand series include Topaz Series, Galaxy Series, High Gloss Series, etc. We focus our research and development efforts on developing products which we believe are innovative and in line with the trends. We believe that some of our key product development highlights include: 1) 3D Effect in Double Charge Vitrified Tiles 2) Replica of Natural Stones in Double Charge Vitrified Tiles 3) High transparent glaze in weight method for glazed vitrified tiles. Further we also supply wall tiles to certain of our dealers wherein we get the products manufactured on outsourced basis. Our integrated model has allowed us to develop insights across the entire value chain right from product design, process development, manufacturing to marketing.

We are distinguished by our large dealer network with whom we have developed long term relationships over the years. As on date of this RHP, we have more than 2,000 registered dealers. We also supply products for large infrastructure related projects. Over our operating history of more than a decade, we have supplied our products for various projects including residential, commercial, educational institutions, hotels, hospitals, government, religious institutions, builders/developers, etc. We believe that our ability to meet stringent quality and technical specifications, introduce designs to meet evolving customer preferences and state-of-the-art manufacturing facilities, upgrade in-house processes to increase efficiencies have enabled us to establish our brand in ceramic industry.

Domestically, we have PAN India presence (24 states/ union territories based on sales made during Fiscal 2021) and internationally we supply products in over 12 countries including Poland, UAE, Italy, Bosnia etc. For the Fiscals 2021, 2020 and 2019, our revenue from exports contributed 13.88%, 13.51% and 6.68%, respectively of our revenue from operations. Our revenues from exports have grown at a CAGR of 47.92% between Fiscals

2019 and 2021.

We have two state-of-the-art manufacturing facilities which are located at Padra and Talod respectively in Gujarat. We have a combined installed production capacity of 1,32,00,000 sq. mt. p.a. Our Unit II is one of the single largest plants for manufacturing glazed vitrified tiles under one roof in India. [Source: *Brickwork Report*]. Over the years, we have made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. Our capabilities as a Company include internal R&D expertise, state-of-the-art manufacturing capabilities, a strict quality assurance system, modern production designing experience and established marketing and distribution relationships. We also have 6 display centres in 6 cities and 2 marketing offices at Delhi and Morbi to complement our growth strategies.

Our Company is promoted by Mukeshkumar Patel, Dineshbhai Patel, Rameshbhai Patel and Kirankumar Patel. Our Promoters manage and control the major affairs of our business operations with their considerable experience in our Industry. We believe our success is the result of sustained efforts over the years in key aspects of our business, such as product portfolio, process improvements, relationship with our dealers and increased scale of operations.

For the Fiscals 2021, 2020 and 2019, our revenue from operations was ₹ 2,551.45 million, ₹ 2,407.42 million and ₹ 2,422.51 million, respectively, growing at a CAGR of 2.62% between Fiscal 2019 and Fiscal 2021. Our EBITDA for the Fiscals 2021, 2020 and 2019 was ₹ 473.46 million, ₹ 429.62 million and ₹ 378.29 million respectively, growing at a CAGR of 11.86% between Fiscal 2019 and Fiscal 2021, while our profit after tax for the Fiscals 2021, 2020 and 2019 was ₹ 152.23 million, ₹ 112.59 million and ₹ 89.17 million respectively, growing at a CAGR of 30.61% between Fiscal 2019 and Fiscal 2021.

#### ***Impact of COVID-19 on our business operations***

The pandemic outbreak has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. The demand for our products is dependent on and directly affected by factors affecting industries where our products are applied. Our products are typically supplied in real estate sector and there was a global slowdown in project execution and new launches. We faced revenue loss in the months of April and May to the tune of Rs. 400-500 million, as per management estimates, as there was downturn in the sales of our products. This was primarily because our manufacturing units were closed for operations from March 24, 2020 to May 31, 2020 in respect of Unit I and from March 24, 2020 to May 15, 2020 in respect of Unit II.. We were allowed to resume operations in a phased manner and by May 31, 2020 both of our facilities restarted operations, subject to certain adjustments in working patterns and limited workforce. We continue to closely monitor the impact that COVID-19 may have on our business and results of operations.

#### ***Our Strengths***

We consider our business strengths to be the following:

#### ***State-of-the-art manufacturing facilities with strong focus on design and quality***

We manufacture majority of our products in-house at our two Units which have a combined installed production capacity of 1,32,00,000 sq.mt. p.a. Unit I is spread over 37,460 sq.mt. whereas Unit II is spread over 1,23,504 sq.mt. Our manufacturing facilities are fully integrated from raw material handling to finished goods warehousing process, and are equipped with latest key machineries such as Kiln, Press, Digital Printing, Glazing line (Unit II) enabling us to manufacture various sizes of products, minimise human labour involvement and achieving cost efficiencies. Our Unit II is one of the single largest plant for manufacturing glazed vitrified tiles under one roof in India. [Source: *Brickworks Report*]. Majority of our key machineries are imported and match international standards. Both are Units are ISO 9001: 2015, ISO 45001:2018 and ISO 14001: 2015 certified. Our Company has also obtained Certification certifying that our both Units has been found to be CE compliant. We also have an in-house laboratory, enabling the Company to develop new varieties, besides facilitating conducting of tests and analysis of various products. Our facilities are multi-purpose that are designed to allow a level of flexibility enabling us to manufacture various sizes of our products and provide us with the ability to modify and customize our product portfolio to address the changing requirements of customers with minimal future capital investments. Over the years, we have made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. For the Fiscal 2021, 2020 and 2019, we have made capital expenditure in our tangible assets of ₹ 13.42 million, ₹ 14.37 million and ₹ 30.30 million, as per Restated Cash Flow Statement. We expect to continue to further develop our technological systems and improve our processes to increase asset productivity, operating efficiencies and strengthen our competitive

position.

### ***Widespread sales and dealers network***

Our marketing model for our domestic operations is majorly divided into two parts: 1) Supply of our products through dealer-distribution network 2) Supply of products for infrastructure related projects and to private customers. As on date of this RHP we have over 2,000 registered dealers and domestically, we have PAN India presence (24 states/ union territories based on sales made during Fiscal 2021). We have maintained long term relationships with most of our dealers. We believe our dealer relationships are led primarily by our ability to develop new and trending designs, meet stringent quality and technical specifications and providing better pricing and delivery terms than that of our competitors. As a result, we have a history of high customer retention and have been manufacturing products for some of our customers since commencement of production at our Unit I.

Our dealers network is aided by our capable in-house sales and marketing team which liaise with the dealers on a regular basis for customer inputs, market demands as well as positioning of our products vis-à-vis products of our competitors. As on March 31, 2021 our sales and marketing team has 82 dedicated employees and is responsible for increasing pan-India as well as global reach of our products.

### ***Wide product portfolio comprising 1000+ designs***

We have gradually diversified, expanded and evolved our operations from manufacturer of frit (one of the raw materials in our manufacturing process) in 2007-08 to manufacturing vitrified tiles as per the needs of our clients and dealers as on the date of the RHP. As on March 31, 2021, our product portfolio consists of 1000+ designs which are categorised into various series and available over 6 sizes. We engage in continuous product development and introduction of new designs to keep up with the trends and meet our customer requirements. We believe that some of our key product development highlights include: 1) 3D Effect in Double Charge Vitrified Tiles 2) Replica of Natural Stones in Double Charge Vitrified Tiles 3) High transparent glaze in weight method for glazed vitrified tiles. We have an in-house laboratory for quality control purpose which have 24 employees as on March 31, 2021. We believe that focus on innovation and quality are the key strengths for our success over the years. We believe that maintaining a wide range of designs and offering various sizes of our products in our business provides us with an opportunity to cater to diverse needs of different customer segment and capture higher market share. Owing to our qualitative products and competitive prices, our operating profitability margin is better than our other peers in the Industry, including some of the large players as well [Source: Brickworks Report].

### ***Experienced management and dedicated employee base***

We have an experienced management team with significant expertise in the ceramic industry. For details relating to the experience of our management, please refer the chapter titled “*Our Management*” beginning on page 141 of the RHP. We believe this facilitates effective operational coordination and continuity of business strategies. Their individual industry experience enables us to anticipate and address market trends, manage and grow our operations, maintain and leverage customer relationships.

Further our employee base includes experienced senior executives, many of whom have been with us for a significant period of time. We had 489 employees in addition to our Promoters as of March 31, 2021 across our key business verticals, excluding contract labour. We believe that our management team and other Key Managerial Personnel of our Company, are well qualified with significant industry experience and has been responsible for the growth in our operations. We believe that the experience and relationships with various stakeholders that our management team has, have enabled us to extend our operating capabilities, improve the quality of our products, continuously upgrade our processes and designs and achieve our growth in the ceramic industry.

### ***Our Strategies***

Our business strategies include the following:

#### ***Strengthen our brand value***

We intend to make consistent efforts to strengthen our brand “Exxaro” and enhance our brand visibility by undertaking various marketing initiatives. In the past being a private organisation, with focussed sales through dealer-distributor operations, we have made limited spends on advertising and publicity. For the Fiscals 2021, 2020 & 2019 our advertisement & sales promotion expenses were ₹ 2.74 million, ₹ 11.08 million and ₹ 19.00

million respectively which were 0.11%, 0.46% and 0.78% of our revenue from operations for such respective periods. Since we are relatively young and most of our peers have had a longer operating history than that of ours, going forward, to attain parity with our listed industry peers, we intend to make conscious efforts to promote our brand and increase our brand visibility and brand recall by gradually increasing our advertising and publicity expenses in line with the growth in our business operations. Our key brand building initiatives include but are not limited to putting up of hoardings, displays at strategic locations such as airport, main markets, etc. distributing promotional materials and increased digital media advertising activities. Further we also plan to participate in more numbers of domestic trade exhibitions as well as begin participation in international trade exhibitions to increase our brand recognition and reach. We believe we are well positioned to strengthen the “Exxaro” brand in our industry.

***Expand our dealer network in existing markets and increase our export presence***

We aim to focus on increasing our penetration in our existing markets by expanding our dealers’ network. As a business strategy, we intend to expand our dealers’ network in Tier-2 cities, Tier-3 cities and rural areas as we believe that there are significant untapped opportunities in these cities for us to capitalise to grow our business operations. Presently, we have limited presence in the States of Arunachal Pradesh, Uttarakhand and Puducherry. We aim to appoint more dealers in these states to strengthen our network and increase our business operations in such states. In the States, where we have a large dealer network and an established presence like Gujarat, Karnataka, Maharashtra and Tamil Nadu, we are majorly present in Tier-1 and metro cities. In such states we aim to deepen our penetration by engaging dealers at selective Tier-2 cities, Tier-3 cities and rural villages. Further we also aim to increase our presence based on our product portfolio. For eg. Currently, we are doing major business of double charged vitrified tiles in southern and western region. For such products, we intend to expand in eastern & northern region. We will therefore, continue to grow our dealers’ network in line with the growth of our business operations.

India recorded another year of healthy growth in exports in 2019, becoming the third largest exporting country after China and Spain. The export of ceramic tiles from India has doubled in the last three years to 360 sq mt mn in 2019 from 186 sq mt mn in 2016. India’s share in world exports has been increasing and replacing China’s share on account of anti-dumping duties imposed by various countries on Chinese tiles; this has benefited India the most [Source: Brickworks Report]. We have been able to increase our export operations at a CAGR of 47.92% from Fiscal 2019 to Fiscal 2021. For the Fiscals 2021, 2020 & 2019, our revenue from export operations was 13.88%, 13.51%, and 6.68% of our revenue from operations respectively. Currently, we are exporting in over 12 countries with our major exports being in Poland, UAE, Italy and Bosnia. We intend to capitalise on huge demand for Indian tiles and increase our export presence. In this direction, we shall participate in international trade exhibitions, appoint dealers at strategic locations, create local presence and explore geographies such as Spain, Mexico, Italy, etc. where we can increase our international operations.

***Increase our sales by enhancing our manufacturing capacities and procuring materials on outsourced basis***

We currently have a combined installed production capacity of 1,32,0,000 sq mt p.a. For the year ended March 31, 2020 and March 31, 2021 we utilised 69.68% and 69.90% respectively, despite losing significant business days due to outbreak of the Covid-19 pandemic. However going forward, we believe that in order to meet our robust demand we may have to increase our manufacturing capacities and engage with companies who manufacture qualitative products as per our specifications on an outsourced basis. We are in the process of obtaining certain lands at Morbi and are making advance payments to this end. Further, the outsourcing of manufacturing and marketing of products under own brand is a common practice in our Industry. This shall enable us to overcome constraints faced by us owing to manufacturing capacity limitations, offer a comprehensive product range to our dealers, increase sales and cash flow from operations.

***Continue to improve operating efficiencies through technology enhancements and setting up own gas station***

We continue to further develop our technology systems to increase asset productivity, operating efficiencies and strengthen our competitive position. We believe that our in-house technology capabilities will continue to play a key role in effectively managing and expanding our operations, maintain strict operational and fiscal controls and continue to enhance customer service levels. We are also in the process of setting up of our own gas station for internal gas consumption to optimise our operating costs such as power & fuel costs which forms a significant portion in terms of costs of our operations. For the Fiscals 2021, 2020 and 2019, our power & fuel expenses accounted for 29.37%, 28.29% and 21.09%, respectively, of our revenue from operations in such periods. Setting up our own LNG gas station on our land for internal consumption will help us reduce external dependency and will help us to improve our operating margins.

We intend to continue to invest in our in-house technology capabilities to develop customized systems and processes to ensure effective management control. We continue to focus on further strengthening our operational and fiscal controls.

## Business Operations

### Our Product Portfolio

The products currently manufactured by us are divided into two categories, namely the glazed vitrified tiles and the double charge vitrified tiles. Further we also supply wall tiles to few dealers, wherein we get such wall tiles manufactured on outsource basis.

Particulars	Double Charge Vitrified Tiles	Glazed Vitrified Tiles
Description	Double charge vitrified tiles are tiles that are fed through a press which prints the pattern with a double layer of pigment, 3 to 4 mm thicker than other types of tiles. This process does not permit complex patterns but results in a long-wearing tile surface, suitable for heavy traffic commercial projects.	Glazed vitrified tiles are flat slabs manufactured from ceramic materials such as clay, feldspar and quartz and other additives and fired at high temperatures to ensure high strength and low water absorption. These tiles are coated with glaze materials prior to the firing process
Key Features	Fross resistance, Chemical resistance, Water absorption, Skid resistance	Chemical resistance, Water absorption, Thermal shock resistance, Glossiness
Size	800*800, 600*600, 800*1200	600*1200, 600*600, 800*1600, 1000*1000, 800*800, 800*1200
Finish	Double Charge	Glossy, Matt, Sugar, Rocker, Butter, Full cover body
Key Product Series	Magico, Topaz, Galaxy, Thar, etc.	Lileria Crema, Alaska White, Adonis Series, Mishara, etc.
Application	Flooring Solutions	Flooring Solutions
Revenue from manufacturing (gross of rate difference) for the year ended March 31, 2021	₹ 678.50 million	₹ 1,738.90 million
Revenue from manufacturing (gross of rate difference) for the Fiscal 2020	₹ 777.80 million	₹ 1,453.90 million

### Glazed Vitrified Tiles:

800\*800



800\*1200



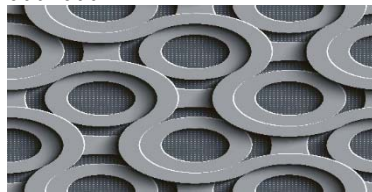
1000\*1000



800\*1600



600\*600



600\*1200



### ***Double Charge Vitrified Tiles:***

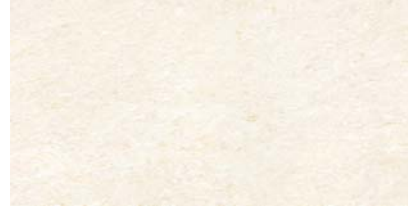
800\*800



800\*1200



600\*600

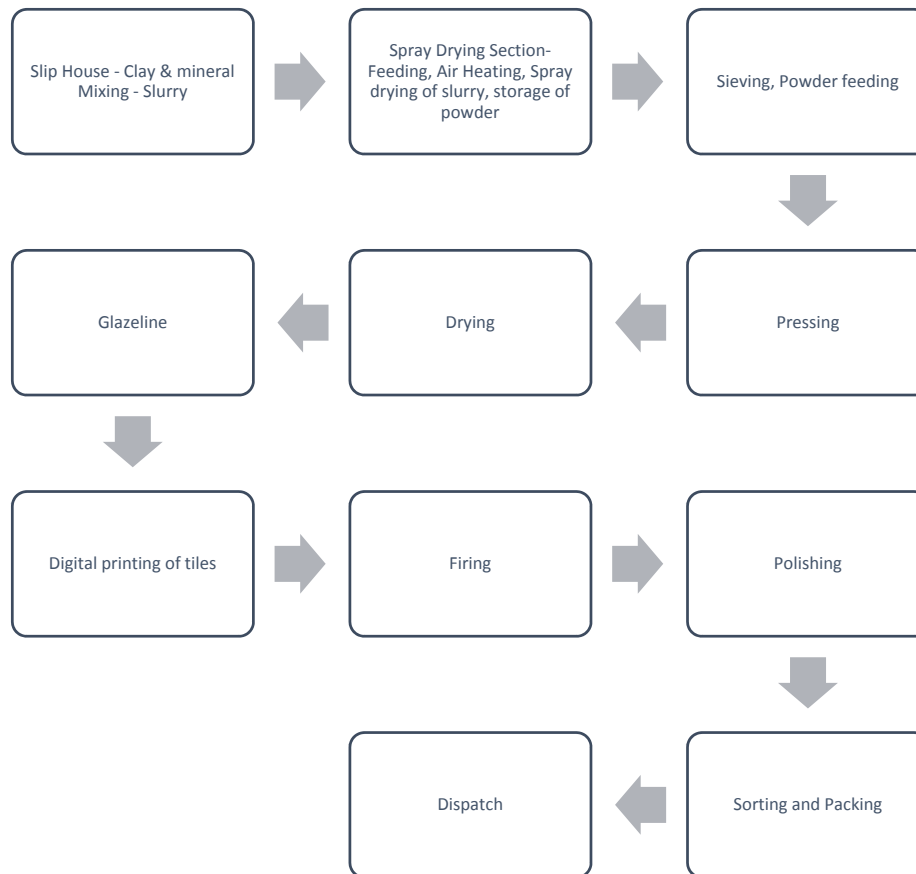


### ***Our Manufacturing Process Glazed Vitrified Tiles***

Our manufacturing process can be described as follows:

- **Processing of Raw Materials:** The process is started with preparation of charge which is made from different types of raw materials such as clays, feldspar, quartz, sand, pigments and ceramic colorants. This charge is then fed into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry form with the help of grinding media. This slurry mixture is thereafter discharged into storage tanks fitted with agitators to keep the slurry in suspension. From this storage tank, the slip is transferred to another storage tank post sieving process. The filtered slurry is thereafter fed to the Spray Dryer Chamber, which is heated at a temperature of around 550-600 degree centigrade by hot air blast. The output is now in a powder form, which is obtained with specific moisture content by adjusting the inlet and outlet temperatures of the Spray Dryer. This powder is collected in the Storage Silos.
- **Formation of Tile Body and Drying:** The powder obtained from the above process is sieved on a vibrator fitted with a magnet and is then fed onto the hoppers of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die. Green Tiles which comes out of the Press are sent to the Horizontal Roller Dryer where they are heated to a specified temperature to remove the moisture.
- **Preparation of Designs and Screen Printing of Tiles:** In the glaze line and printing section, various types of designs are prepared and printed on the dried tiles by applying colours on the screen printing machines. Tiles with marble finish needs to be screen printed, whereas other types of tiles may not be subjected to this operation.
- **Firing:** The tiles thereafter are fed into the Fast Single Layer Roller Kiln in which the firing process takes place. The Kiln has different temperatures ranging from 500-1400 degree centigrade in its different zones. Here, vitrification takes place in the tile body.
- **Polishing:** The baked tiles are subjected to polishing by using 32 head polishing line. The tiles are also side-chamfered. Thus, in this process, size and thickness variations are minimised. Matt finish tiles do not need polishing operations.
- **Sorting and Packing:** The polished tiles are subjected to quality checking and sorting, where an operator marks out the tiles with defects and segregates them into different grades of quality. Different grades of finished tiles are then packed into different types of packing boxes which are marked accordingly. The packed finished goods are thereafter sent for dispatch.





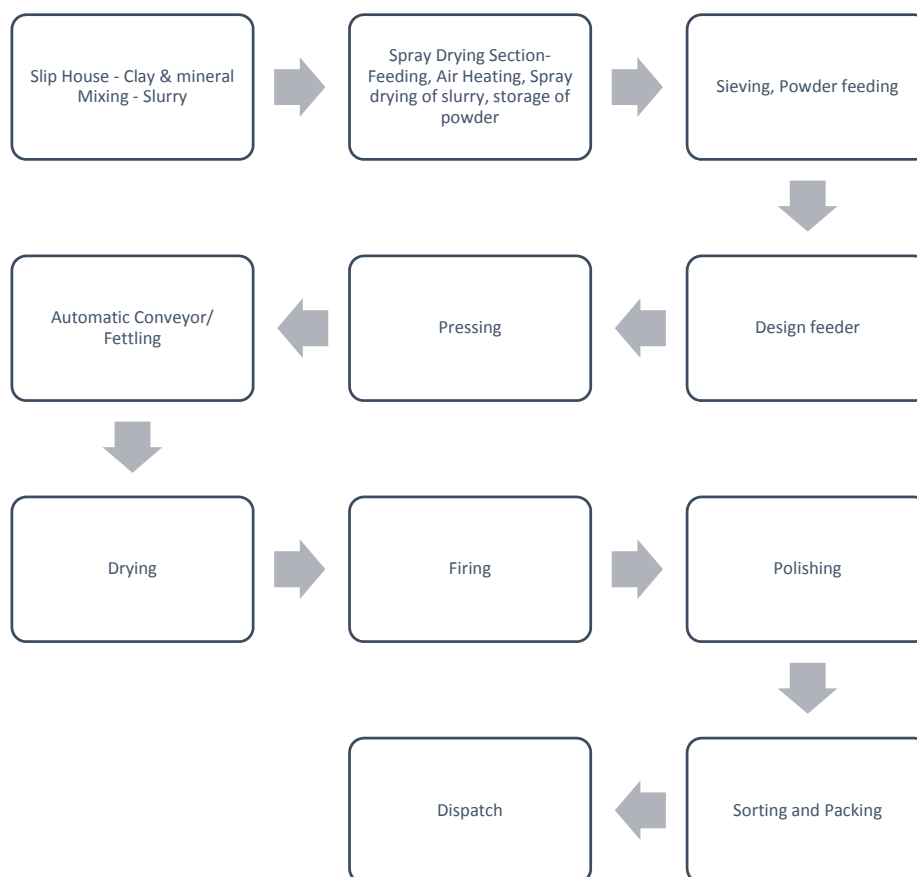
### ***Double Charge Vitrified Tiles***

Our manufacturing process of Double Charge Vitrified Tiles can be described as follows:

- Processing of Raw Materials:** The process is started with preparation of charge which is made from different types of raw materials such as clays, feldspar, quartz, sand, pigments and ceramic colorants. This charge is then fed into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry form with the help of grinding media. This slurry mixture is thereafter discharged into storage tanks fitted with agitators to keep the slurry in suspension. From this storage tank, the slip is transferred to another storage tank post sieving process. The filtered slurry is thereafter fed to the Spray Dryer Chamber, which is heated at a temperature of around 550-600 degree centigrade by hot air blast. The output is now in a powder form, which is obtained with specific moisture content by adjusting the inlet and outlet temperatures of the Spray Dryer. This powder is collected in the Storage Silos.
- Designer Feeder:** The powder obtained from above process is put in a design feeder.
- Formation of Tile Body and Drying:** The powder obtained from the above process is sieved on a vibrator fitted with a magnet and is then fed onto the hoppers of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die. Green Tiles which comes out of the Press are sent to the Horizontal Roller Dryer where they are heated to a specified temperature to remove the moisture.
- Firing:** The tiles thereafter are fed into the Fast Single Layer Roller Kiln in which the firing process takes place. The Kiln has different temperatures ranging from 500-1400 degree centigrade in its different zones. Here, vitrification takes place in the tile body.
- Polishing:** The baked tiles are subjected to polishing by using 32 head polishing line. The tiles are also side-chamfered. Thus, in this process, size and thickness variations are minimised. Matt finish tiles do

not need polishing operations.

- **Sorting and Packing:** The polished tiles are subjected to quality checking and sorting, where an operator marks out the tiles with defects and segregates them into different grades of quality. Different grades of finished tiles are then packed into different types of packing boxes which are marked accordingly. The packed finished goods are thereafter sent for dispatch.



### Our Manufacturing Facilities

We currently have two Manufacturing Facilities in Gujarat. Unit I is located at Padra, Vadodara and is used for manufacturing double charge vitrified tiles. Unit II is located at Talod, Himmatnagar and is used for manufacturing glazed vitrified tiles. Our Unit II is one of the single largest plant for manufacturing glazed vitrified tiles under one roof in India [Source: Brickworks Report]. Our Manufacturing Facilities are equipped with latest machineries and upgraded technologies relevant for the products manufactured by us. Both are Units are ISO 9001:2015, ISO 45001: 2018 and ISO 14001:2015 certified. Our Company has also obtained Certification certifying that both our Units have been found to be CE Compliant. Also, our Company has obtained approval of the brand name of “Exxaro Tiles for double charged vitrified tiles” to be used for various health care structures. Each of our manufacturing facilities has the ability to manufacture various range of size of tiles and products can be inter-changed to address the requirements of customers. The location details of our manufacturing facilities are as under:

Particulars	Address	Area (Sq. Mtr)	Leasehold/Owned
Unit – I	Block No.204, 205, 202, 209 Opp. Hanuman Temple, Near Mahuvad Turning, At & Po. Dabhasa, Tal. Padra, Dist.Vadodara-391440.	37,460	Owned
Unit II	Block No.169, 170, Survey No.169 & 170 and Block No.54, Mouje Gambhirpura, Vavdi Harsol Road, At. Mahelav, Tal. Talod. Dist. Sabarkantha-383305	1,23,504	Owned



The Unit-wise details of the installed production capacity, actual production and capacity utilisation at our Manufacturing Facilities for the Fiscals 2021, 2020 and 2019, are set forth below:

Particulars	Unit	As of and for the financial year ended March 31,		
		2019	2020	2021
<b>Unit I</b>				
Installed Capacity	Sq mt	3,600,000	3,600,000	3,600,000
Actual Production	Sq mt	2,896,349	3,000,885	23,19,626
Capacity Utilization	(%)	80.45%	83.36%	64.43%
<b>Unit II</b>				
Installed Capacity	Sq mt	9,600,000	9,600,000	9,600,000
Actual Production	Sq mt	4,592,003	6,197,464	69,07,100
Capacity Utilization	(%)	47.83%	64.56%	71.95%

Note:-

- Capacity utilization has been calculated on the basis of actual production during the relevant fiscal year divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant fiscal year.
- The above information is furnished on the basis of data provided and internal estimates and assumptions.

The above information has been certified by Krishnkant A. Pandat, Chartered Engineer, vide his certificate dated February 15, 2021 for Fiscal 2019 and Fiscal 2020 and by Mukesh M. Shah, Chartered Engineer, vide his certificate dated July 15, 2021.

For more information, please see “Risk Factor - Information relating to the estimated manufacturing capacities and capacity utilization rates of our manufacturing facilities included in this RHP is based on various assumptions and estimates. Actual production and future capacity utilization rates may vary from such estimated manufacturing capacity information and historical capacity utilization rates” on page 47 of the RHP.

### Pricing

We determine the prices for our products based on various parameters, including market demand, transportation costs, raw materials costs, inventory levels and credit terms.

### Utilities

We consume a substantial amount of power and fuel for our business operations. Our power requirements are met through state electricity boards. Further we have entered into long term supply agreement with various parties for natural gas supply. Our manufacturing processes require uninterrupted supply of power and fuel in order to ensure that we are able to manufacture our products. For the Fiscals 2021, 2020 and 2019, our power & fuel expenses accounted for 29.37%, 28.29% and 21.09% respectively, of our revenue from operations in such periods. To meet power failure exigencies, we have also installed D.G. sets at our manufacturing facilities. We are also in the process of setting up our own LNG gas station to optimise our fuel costs. We utilise ground water to meet water requirements for our manufacturing process.

### Sales and Marketing

Our business operations and products primarily cater to the retail consumer segment through our dealer network. We maintain direct contact with majority of our dealers and customers which allows us to understand the technical needs and specifications, evolving preferences of our customers as well as their future requirements.

We have in-house teams of 82 employees as on March 31, 2021, which looks after the sales and marketing of our products. We also have two marketing offices at Morbi and Delhi. The sales teams are also segregated by geography and are responsible for the sales of our products at the ground level. Our in-house team work closely

with our dealers and customers or prospective customers to manufacture products tailored to meet their specific requirements.

We have also participated in various domestic exhibitions to market our products in various parts of the country. Further we intend to participate in international industry specific exhibitions, going forward, to expand our export operations.

### **Inventory Management**

Our finished products and raw materials are mainly stored on-site at our manufacturing facilities. Further we exhibit finished goods at our display centres. We produce a quantity of finished products that is determined based on a combination of confirmed and expected orders.

### **Dealer Network and Customers**

Our domestic customer base mainly comprises a number of our dealers with a widespread presence spread across the country, few private companies and various customers in relation to infrastructure related projects. Further we supply our products in over 12 countries. For the year ended March 31, 2021, we manufactured products for around 1,129 domestic and international customers.

We do not enter into formal agreements with our dealers and supply our products to them based on purchase orders issued. However, we have maintained long-standing relationships with most of our key dealers. **Logistics**

We transport raw materials and finished products primarily by road in case of our domestic operations. Our suppliers directly deliver raw materials to our manufacturing facilities. We outsource the delivery of our products to either third-party logistics companies or as mutually decided between the dealer and Company. For our export operations, we primarily rely on sea-freight and carry such operations from Mundhra Port, which is nearest port to our facility.

### **Competition**

The Indian Ceramic Tiles Industry is fragmented in nature. The industry is largely dominated by unorganised players with organised players capturing higher share gradually on account of their product innovation, adoption of latest technologies, expanding reach and branding activities. At present, organised players contribute to around 42.85% of the total Indian industry size. [Source: Brickworks Report]. We compete with large companies and smaller regionally based competitors. Some of our competitors may have greater resources than those available to us. While product quality, brand value, distribution network, etc. are key factors in customer decisions among competitors, however, price is the deciding factor in most cases. Among listed Companies, we face competition from listed companies like Kajaria Ceramics Limited, Asian Granito India Limited, Somany Ceramics Limited, Orient Bell Limited and Murudeshwar Ceramics Limited.

### **Information Technology**

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. Our facilities are connected to our central IT network that facilitates monitoring of our operations and management of supply chain. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and suppliers, and receivables from dealers. We also utilize a customised Enterprise Resource Planning software which covers finance, sales, purchase and inventory, across all our manufacturing facilities.

### **Repair and maintenance**

We conduct regular repair and maintenance programs for our manufacturing facilities. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plants and machinery on an as-needed basis. In addition, our manufacturing facilities are periodically inspected by our engineers and technicians.

### **Quality Control**

We place significant emphasis on quality control. Our quality management system with respect to our manufacturing facilities at Padra and Talod have been certified to conform to ISO 9001:2015, subject to periodic audits conducted by independent consultants. Our Company has also obtained Certificate of inter-alia certifying that the Company has been found to be in compliance with the requirements of CPD 89/106/EEC in respect of all kinds of ceramic and vitrified tiles. Further, our Company has received certification from the Bureau of Indian Standards in respect of Indian Standard No. IS 15622:2017.

We inspect the raw materials we receive, work-in-progress and final products. We have implemented internal procedures to ensure quality control at various stages of production, from procurement of raw material, production to inventory storage. Each of our manufacturing facilities has personnel responsible for monitoring the parameters of equipment, stability of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly.

### **Environment, Health & Safety**

Our activities are subject to various environmental laws and regulations which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, non-automatic weighing instrument electronic, and employee health and employee safety. For further information, see “*Key Industry Regulations and Policies*” beginning on page 131. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information, see “*Government and Other Statutory Approvals*” beginning on page 197.



Our manufacturing facilities situated at Padra and Talod have been certified to conform to 14001:2015 to certify that Environment Management System of the Company has complied with the Requirements of the standard for the manufacture and supply of all kinds of Vitrified Tiles. Further both are facilities have been certified to conform to 45001:2018 to certify that Occupational Health and Safety Standard of the Company has complied with the Requirements of the standard for the manufacture and supply of all kinds of Vitrified Tiles. We are also a member of Indian Green Building Council.

### **Insurance**

Our operations are subject to various risks inherent in the tiles manufacturing industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events, including: (i) insurance policy covering burglary and house-breaking, fire, damage to buildings, plant and machinery, furniture and stocks (raw materials and finished goods), vehicles (ii) marine cargo open policy, and (iii) commercial vehicle and private car package policy (iv) employee compensation and digit illness group insurance. These insurance policies are renewed periodically to ensure that the coverage is adequate. Our insurance covers both of our manufacturing facilities.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See “*Risk Factors– Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.*” on page 40.

### **Intellectual Property**

We have registered several trademarks in connection with our business in India and specifically for our logo  We have applied for registration of our corporate logo  under class 19 of the Trademarks Act.

As on date, our Company has 44 registered trademarks in its name.

As on date, our Company has 1 copyright registered in its name.

We have also registered the domain name [www.exxarotiles.com](http://www.exxarotiles.com) in India.

### **Employees**

We have developed a pool of skilled and experienced personnel. We also hire part-time employees and temporary staff to meet our specific project needs. As of March 31, 2021, we had an employee base of 493 employees including our directors. The following table sets forth a breakdown of our employees by function as of March 31, 2021:

<b>Function</b>	<b>Number of Employees</b>
Sales & marketing	82
Production	321
Quality Control & Lab	24
Head office	66
<b>Total</b>	<b>493</b>

In addition, we contract with third-party manpower and services firms for the supply of contract labour for certain services at our manufacturing facilities. The number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors.

### **Collaboration**

As on date of this Red Herring Prospectus, our Company has not entered into any technical or financial collaboration agreements.

### **Properties**

Our registered office which is owned by us is located at Survey No. 169 & 170, Vaydi Harsol Road At & Po.: Mahelav, Taluka: Talod Mundra Sabar Kantha, Gujarat -383305, India. As of the date of this Red Herring Prospectus, we operate two manufacturing facilities in Gujarat which are situated on land owned by us.

Further we have a vacant land at Ankleshwar which can be used in future to support our business operations. We also have 6 display centres operated on rental basis in the cities of Bangalore, Ahmedabad, Kochi, Mumbai, Bhubaneshwar and Chennai and 2 marketing offices operated on rental basis in the cities of Delhi and Morbi.

Our Company is in the process of acquiring lands situated at Morbi and for which our Company has made advance payments to the tune of Rs. 0.50 million to one of the proposed vendors of the said lands.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

We are engaged in the business of manufacturing and marketing of vitrified tiles. Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of the business. We are required to obtain and regularly renew certain licenses/ registrations and / or permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies.

For details of Government Approvals obtained by us in compliance with these regulations, please see the chapter titled “Government and Other Statutory Approvals” beginning on page 197 of this RHP.

### A. INDUSTRY RELATED LAWS

#### **The Factories Act, 1948**

The Factories Act, 1948 ("Factories Act") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires inter alia the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory. The Gujarat Factories Rules, 1963 applies to our Company.

#### **Legal Metrology Act, 2009**

The Legal Metrology Act replaces the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act inter-alia requires any person who manufactures, repairs or sells, or offers, exposes or possesses for repair or sale, any weight or measure, to obtain a license issued by the Controller of Legal Metrology. It has been clarified that no license to repair is required by a manufacturer for repair of his own weight or measure in a State other than the State of manufacture of the same. The Legal Metrology Act inter-alia provides that any person who is required to obtain a license under the Legal Metrology Act or the rules made thereunder, repairs or sells, or offers, exposes or possesses for repair or sale, any weight or measure, without being in possession of a valid license, will be punished in the first instance with fine and for a subsequent offence, with imprisonment and/or fine.

#### **Gujarat Fire Prevention and Life Safety Measures Act, 2013 and the Gujarat Fire Prevention and Life Safety Measures Rules, 2014**

Gujarat Fire Prevention and Life Safety Measures Act, 2013 is an act to make effective provisions for the fire prevention, safety and protection of life and property in various types of buildings and temporary structures which are likely to cause a risk of fire in different areas in the State of Gujarat. The Gujarat Fire Prevention and Life Safety Measures Act, 2013 was enacted to make provisions for fire service fees, constitution of a special fund and for the purposes connected or incidental therewith. The Gujarat Fire Prevention and Life Safety Measures Rules, 2014 is issued under Section 57 of the Gujarat Fire Prevention and Life Safety Measures Act, 2013.

#### **Electricity Act, 2003**

The Electricity Act, 2003 (the “Electricity Act”) was enacted to regulate the generation, transmission, distribution, trading and use of electricity by authorising a person to carry on the above acts either by availing a license or by seeking an exemption under the Electricity Act. Additionally, the Electricity Act states no person other than Central Transmission Utility or State Transmission Utility, or a licensee shall transmit or use

electricity at a rate exceeding 250 watts and 100 volts in any street or place which is a factory within the meaning of the Factories Act, 1948 or a mine within the meaning of the Mines Act, 1952 or any place in which 100 or more persons are ordinarily likely to be assembled. An exception to the said rule is given by stating that the applicant shall apply by giving not less than 7 days' notice in writing of his intention to the Electrical Inspector and to the District Magistrate or the Commissioner of Police, as the case may be, containing the particulars of electrical installation and plant, if any, the nature and purpose of supply of such electricity. The Electricity Act also lays down the requirement of mandatory use of meters to regulate the use of electricity and authorises the Commission so formed under the Electricity Act, to determine the tariff for such usage. The Electricity Act also authorises the State Government to grant subsidy to the consumers or class of consumers it deems fit from paying the standard tariff required to be paid.

## **B. INTELLECTUAL PROPERTY LAWS**

### **The Trademarks Act, 1999**

Under the Trademarks Act, 1999 ("Trademarks Act"), a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks ("the Registrar"), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

### **The Copyright Act, 1957 ("Copyright Act")**

The Copyright Act grants protection to the authors of literary, artistic, dramatic, musical, photographic, cinematographic or sound recording works from unauthorized uses. Various rights including ownership and economic rights are conferred on the author. These include the right to reproduce the work in any form, issue copies to the public, perform it, and offer for sale and hire. The penalty for general infringement of copyright is imprisonment of maximum 3 (three) years and a fine of up to Rs.2,00,000/- (Rupees Two Lakhs Only).

## **C. OTHER LAWS**

### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Companies (Amendment) Act, 2015 has inter-alia amended various Sections of the Companies Act, 2013 to take effect from May 29, 2015. Further, vide the Companies (Amendment) Act, 2015, Section 11 of the Companies Act, 2013 has been omitted and Section 76A has been inserted in the Companies Act, 2013. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

### **Transfer of Property Act, 1882 ("T.P. Act")**

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the Transfer of Property Act, 1882. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

The T.P. Act recognizes, among others, the following forms in which an interest in an immovable property may be transferred:

- **Sale:** The transfer of ownership in property for a price, paid or promised to be paid.
- **Mortgage:** The transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognises several forms of mortgages over a property.
- **Charges:** Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- **Leases:** The transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.
- **Leave and License:** The transfer of a right to do something upon immovable property without creating interest in the property.

Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.

### **The Registration Act, 1908 (“Registration Act”)**

The Registration Act, 1908 was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

### **Legislations pertaining to Stamp Duty**

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 (“**Stamp Act**”) which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments in the respective schedules of the respective legislations pertaining to stamp duty as applicable in the State. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one State to another. Certain State in India have enacted their own legislation in relation to stamp duty while the other State have adopted and amended the Stamp Act, as per the rates applicable in the State. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from State to State.

### **The Bombay Tenancy and Agricultural Lands Act, 1948 (“BTAL Act”)**

The BTAL Act regulates tenancy of agricultural land in areas of the State within which our factories/projects are situated. The transfer of land to non-agriculturists is barred except in the manner provided under the BTAL Act. The BTAL Act allows transfer of agricultural land to non-agriculturalists with the specific condition that the land will be put to non-agricultural use/bonafide industrial use within five years from the date of transfer. In certain cases, if the land is not put to non-agricultural use within the specified time period, an extension of an aggregate period five years may be granted on payment of the prescribed percentage of the prevailing Jantri value. If the land is not put to non-agricultural use within the maximum period of ten years, the land shall vest in the Government after a one-month notice is given to the purchaser by the collector.

## **D. TAX RELATED LEGISLATIONS**

### **Income-tax Act, 1961**

Income-tax Act, 1961 (“**IT Act**”) is applicable to every company, whether domestic or foreign whose income is

taxable under the provisions of this Act or Rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. Every assessee, under the IT Act, which includes a company, is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax and like.

### **Central Goods and Services Tax Act, 2017**

The Central Goods and Services Tax Act, 2017 ("CGST Act") regulates the levy and collection of tax on the intra- State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs. There would be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods or services.

### **Integrated Goods and Services Tax Act, 2017**

Integrated Goods and Services Tax Act, 2017 ("IGST Act") is a Central Act enacted to levy tax on the supply of any goods and/ or services in the course of inter-State trade or commerce. IGST is levied and collected by Centre on interstate supplies. The IGST Act sets out the rules for determination of the place of supply of goods. Where the supply involves movement of goods, the place of supply shall be the location of goods at the time at which the movement of goods terminates for delivery to the recipient. The IGST Act also provides for determination of place of supply of service where both supplier and recipient are located in India or where supplier or recipient is located outside India. The provisions relating to assessment, audit, valuation, time of supply, invoice, accounts, records, adjudication, appeal etc. given under the CGST Act are applicable to IGST Act.

Further, the Company is also governed by various State Goods and Service Tax statutes for levy and collection of tax on intra-State supply of goods and services or both which are as follows:

- i. Tamil Nadu Goods and Service Tax Act, 2017;
- ii. Kerala State Goods and Service Tax Act, 2017;
- iii. Karnataka Goods and Service Tax Act, 2017;and
- iv. Gujarat Goods and Service Tax Act, 2017.

### **Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

### **The Customs Act, 1962**

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any company requiring to import or export any goods is required to get itself registered under this Act and obtain an Importer Exporter Code number.

### **E. EMPLOYMENT AND LABOUR RELATED LEGISLATIONS:**

Our Company is governed by various Acts, Statutes and legislations for the safety and protection of the labour and employees either working for or engaged by the Company. Our Company is required to ensure compliance of various labour and employment laws to conduct its business and projects. These include, but are not limited to the following:



- Shops and Commercial Establishment Act for the States of Kerala, Bangalore and Maharashtra where our Company has a commercial establishment;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Fatal Accidents Act, 1855;
- Employee State Insurance Act, 1948;
- Employee Deposit Linked Insurance Scheme, 1976
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- The Employees' Compensation Act, 1923;
- The Employees' Pension Scheme, 1995
- Equal Remuneration Act, 1976;
- Maternity Benefit Act, 1961;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Child Labor Prohibition and Regulation Act, 1986
- The Payment of Wages Act, 1936;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965; and
- Payment of Gratuity Act, 1972.

In addition to the above, the following have been promulgated by the Indian parliament and have received the Presidential assent, however, the same have not yet been notified:

#### **The Code on Wages, 2019**

The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **The Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **The Industrial Relations Code, 2020**

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

#### **The Code on Social Security, 2020**

The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.

The provisions of this code will be brought into force on a date to be notified by the Central Government.

## **F. ENVIRONMENT RELATED LAWS**

### **Environment Protection Act, 1986 and Environment (Protection) Rules, 1986**

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various Central and State authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exists among water, air and land, and human beings and other living creatures such as plants, micro-organisms and property. Further, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment which is assessed by the Ministry in detail before granting clearances for such proposed projects.

### **Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981**

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are the other major statutes in India which seek to regulate and protect the environment against pollution and related activities in India. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards which are vested with diverse powers to deal with water and air pollution, have been set up in each State. In terms of the Water (Prevention and Control of Pollution) Act, 1974, any entity is *inter-alia* prohibited from knowingly causing or permitting the discharge of poisonous, noxious or polluting matter prescribed and also from establishing any industry, operation or process which is likely to discharge sewage trade effluents. In terms of the Air (Prevention and Control of Pollution) Act, 1981, save and except with the consent of a State Pollution Control board, an entity is prohibited, from operating any industrial plant for the purpose of any industry specified thereunder in an air pollution control area. Further, an entity operating any industrial plant in an air pollution control area is prohibited from discharging or causing or permitting to be discharged the emission of any air pollutant in excess of the standards prescribed.

### **Hazardous Waste (Management and Handling) Rules, 1989**

In exercise of the powers conferred by Sections 6, 8 and 25 of the Environment (Protection) Act, 1986, the Central Government has laid down these Rules. Under these Rules, the Occupier and the operator of a facility shall be responsible for proper collection, reception, treatment, storage and disposal of hazardous wastes listed in the schedule. It shall be his responsibility to take all steps to ensure that the wastes are properly handled and disposed of without any adverse effect to the environment.

## **REGULATIONS REGARDING FOREIGN INVESTMENT**

### **Foreign Exchange Management Act, 1999 ("the FEMA")**

Foreign investment in manufacturing sector is governed by the provisions of the FEMA read with the applicable regulations. The Department of Industrial Policy and Promotion ("DIPP"), Ministry of Commerce and Industry has issued 'Consolidated FDI Policy Circular of 2020' ("FDI Policy") which consolidates the policy framework on Foreign Direct Investment ("FDI"), with effect from October 15, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till October 15, 2020. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. The foreign investment in our Company is governed *inter alia* by the FEMA, as amended, FEMA Regulations, as amended, the FDI Policy issued and amended by way of press notes, and the SEBI FPI Regulations.

Currently, 100% FDI is permitted under the automatic route in the companies which are engaged in manufacturing activities.

However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as ‘Ricasil Ceramic Industries Private Limited’ on January 2, 2008 as a private and joint stock company under Part IX of Companies Act, 1956 with the RoC.

### Conversion of Partnership Firm into our Company

Our Company was formed pursuant to the conversion of a partnership firm, M/s Ricasil Ceramic Industries, into a joint stock company under Part IX of the Companies Act, 1956. The Partnership Firm was constituted by a partnership deed dated May 14, 2007 read with supplementary partnership deeds dated December 7, 2007 and December 20, 2007, respectively entered into by Kacharabhai Patel; Shaileshkumar Patel; Ramanbhai Patel; Mukeshkumar Patel; Hasmukhbhai M. Patel; Kirankumar Patel; and Mukeshbhai K. Patel, the erstwhile partners, for the purpose of carrying the business of trading, manufacturing and/or jobwork of ceramics glazed mixtures, ceramic glazed tiles, sanitary ware, insulators, porcelainware, stone ware, refectory, crockery including all types of ceramic products and tiles.

In financial year 2008, the partners of the Partnership Firm passed a resolution dated December 20, 2007, to carry out the business of the Partnership Firm through a private company limited by shares. Pursuant to the partnership deed, upon the conversion of the Partnership Firm into a joint stock company, all the assets and liabilities of the Partnership Firm were taken over by our Company as a going concern and all the erstwhile partners were issued Equity Shares in proportion to their contribution of capital in the Partnership Firm, represented by their respective shares in the capital account of the Partnership Firm, on the date of succession in our Company. Vide Certificate of Incorporation dated January 2, 2008 issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli, our Company was incorporated in the name of “Ricasil Ceramic Industries Private Limited”. Pursuant to a special resolution passed by the shareholders of our Company at the extra-ordinary general meeting held on February 12, 2018, the name of our Company was changed to Exxaro Tiles Private Limited for the purpose of identification of the products produced by the Company with the brand name of EXXARO TILES with the objective to increase wider product penetration. Accordingly, a Fresh Certificate of Incorporation Consequent upon Change of Name dated February 19, 2018 has been issued by Deputy Registrar of Companies, Ahmedabad, Gujarat. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on December 9, 2020 and consequently, the name of our Company was changed to Exxaro Tiles Limited and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by the Registrar of Companies, Ahmedabad, Gujarat on December 28, 2020. The Corporate Identity Number of our Company is U26914GJ2008PLC052518.

### Corporate Profile of our Company

For information on our Company’s business profile, activities, services, managerial competence, and customers, please refer to chapters titled “*Our Management*”, “*Our Business*” and “*Industry Overview*” beginning on pages 141, 119 and 101, respectively of this RHP.

### Changes in Registered Office

The registered office of our Company is situated at Survey No. 169 & 170, Vavdi Harsol Road, At & Po.: Mahelav, Taluka: Talod, District: Sabarkantha - 383 305, Gujarat, India.

Except as disclosed below, there has been no change in the registered office of our Company since the date of our incorporation:

Date of Resolution	Details of Registered Office	Reason for change
At incorporation	A/16, 1st Floor, Durga bazar, Nr. Railway Crossing, Himmatnagar-383001.	-
EGM resolution dated November 30, 2011	Change in address from A/16, 1st Floor, Durga bazar, Nr. Railway Crossing, Himmatnagar-383001 to Block No.871/1, Opp. Nilkanth Cold Storage, At & Post: Biliyapur, Chakalsi, Ta :Nadiad, Dist: Kheda-387315 with effect from December 1, 2011.	Administrative Convenience

EGM Resolution dated February 22, 2012	Change in address from Block No.871/1, Opp. Nilkanth Cold Storage, At & Post: Biliyapur, Chakalsi, Ta: Nadiad, Dist: Kheda-387315 to Block No. 204,205 Mahuvad Turning, Opp. Hanuman Temple, At & Post Dabhasa, Ta: Padara, Vadodara - 391 440 (Gujarat) with effect from February 25, 2012.	Administrative Convenience
EGM Resolution dated February 12, 2018	Change in address from Block No. 204-205 Mahuvad Turning, Opp. Hanuman Temple, At & Post Dabhasa, Ta: Padara, Vadodara - 391 440 (Gujarat) to Survey No. 169 & 170, Vavdi Harsol Road, At & Po.: Mahelav, Taluka: Talod, District.: Sabarkantha - 383 305 (Gujarat) w.e.f. 15th February, 2018.	Administrative Convenience

#### Awards/ Accreditations/ Major events and milestones in the History of our Company

Year	Milestone
2008	Incorporation of the Company pursuant to the conversion of a partnership firm, M/s Ricasil Ceramic Industries, into a joint stock company under Part IX of the Companies Act, 1956
2012	Commenced the setting up of a new project to manufacture double charged vitrified tiles at Block No. 204-205, Mahuvad Turning, P.O. – Dabhasa, Taluka – Padra, Vadodara with a projected installed capacity of 3,600,000 square meter per annum.
April 2013	Commenced trial production in respect of the new project at Block No. 204-205, Mahuvad Turning, P.O. – Dabhasa, Taluka – Padra, Vadodara within the estimated time lines and projected cost having projected installed capacity of 3,600,000 square meter per annum.
2015	Won “Best Display Award” at Décor India Show and Won “Best Stall” at Buildtech-2015
June 2015	Commenced the setting up of a new project at Survey No. 169, Mahelav, P.O. – Montesary, Vavdi – Harsol Road, Taluka – Talod, District – Sabarkantha with a projected installed capacity in respect of glazed vitrified tiles and double charged vitrified tiles of 9,600,000 square meter per annum.
September 2016	Successfully completed the setting up of the new project and commenced commercial production at Survey No. 169, Mahelav, P.O. – Montesary, Vavdi – Harsol Road, Taluka – Talod, District – Sabarkantha having installed capacity in respect of glazed vitrified tiles and double charged vitrified tiles of 9,600,000 square meter per annum within the estimated time lines and projected cost.
2016	Obtained approval of the brand name of “Exxaro Tiles for double charged vitrified tiles” to be used for various health care structures vide letter dated April 27, 2016 issued by Chief Engineer, Commissionerate of Health, Project Implementation Unit, Gandhinagar
2020	Conversion of Company from “Private Limited” to “Public Limited”.

#### Main Objects of our Company

“1. To carry on the in India or elsewhere the business to design, develop, manufacture, prepare, produce, finish, process, crush, grind, fabricate, assemble, alter, convert, exchange, extrude, research, export, import, handle, jobwork, mix, modify, market, operate, purchase, sell, resale and to act as concessionaries, manufacture, producer, jobworker, converter, trader, merchant, buyer, seller, importer, exporter, supplier, indenter, wholesaler, retailer, broker, agent, dealer, distributor, stockiest, consignor, franchiser, C & F Agent, consultant, advisor, representative, contractor, subcontractor, or and or otherwise to deal in all kind of Ceramic Glazes, Body, Glaze Mixture, Frit, Stains Colour, Enamels, sodium silicate, Ceramic Tiles, Mosaic Tile, Cement Tiles, Vitrified Tiles, Porcelain Tiles, Glaze Tiles, Marbo-Granite Tiles whether floor or wall, Ceramic Products, Ceramic ware, Sanitary ware, Ceramic Refractories, Earth ware, Crockerries, Pressedware, Decorative ware, Garden ware, Kitchenware, Potteries, Porcelain ware, Ceramic Insulators, Terracotta, Bathroom accessories, Pipes, Bricks, Ceramic Raw Materials, Born China, Building Materials, Boric Acid, Zircon and Zirconium Products, Zirflor, Zirconium floor and powder, Zirconium Opacifier, Stone, Marbles, Minerals and Mineral Products.”

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

### Amendments to our Memorandum of Association

The following changes have been incorporated in the Memorandum of Association of our Company, after approval of our shareholders, in the last ten years:

Sr. No.	Date of Shareholder's Approval	AGM/ EGM	Particulars of change/amendment
1.	March 25, 2013	EGM	The authorized share capital of the Company was increased from ₹1,00,00,000/- divided into 10,00,000 equity shares of Rs.10/- each to ₹14,00,00,000/- divided into 1,40,00,000 equity shares of ₹10/- each
2.	March 18, 2014	EGM	The authorized share capital of the Company was increased from ₹14,00,00,000/- divided into 1,40,00,000 equity shares to ₹18,00,00,000/- divided into 1,80,00,000 equity shares of ₹10/- each
3.	March 23, 2015	EGM	The authorized share capital of the Company was increased from ₹18,00,00,000/- divided into 1,80,00,000 equity shares to ₹30,00,00,000/- divided into 3,00,00,000 equity shares of ₹10/- each.
4.	March 25, 2016	EGM	The authorized share capital of the Company was increased from ₹30,00,00,000/- divided into 3,00,00,000 equity shares to ₹41,00,00,000 divided into 3,50,00,000 equity shares of ₹10/- each and 60,00,000 preference shares of ₹10/- each.
5.	February 12, 2018	EGM	Clause I of the MOA amended to reflect the change in name of the Company to Exxaro Tiles Private Limited.
6.	November 10, 2020	AGM	The authorized share capital of the Company was increased from ₹41,00,00,000 divided into 3,50,00,000 equity shares of ₹10/- each and 60,00,000 preference shares of ₹10/- each to ₹56,00,00,000 divided into 5,00,00,000 equity shares of ₹10/- each and 60,00,000 preference shares of ₹10/- each.
7.	December 9, 2020	EGM	Conversion of Company from Private Limited to Public Limited and consequent amendment of Clause I of the MOA to reflect the change in name of the Company to Exxaro Tiles Limited.

### Time and cost over-runs in setting up projects and certain other adverse remarks

As on the date of this RHP, there have been no time and cost overruns in any of the projects undertaken by our Company.

### Material Acquisition or disinvestments of Businesses / Undertakings

The Company has not made any material acquisition or disinvestments of businesses / undertakings in the last 10 (ten) years.

### Details of Merger/Amalgamation

There has been no merger/amalgamation pertaining to our Company in the last 10 (ten) years.

### Revaluation of assets

Our Company has not revalued its assets in the last 10 (ten) years.

### Defaults or Rescheduling of Borrowings with Financial Institutions/Banks

There have been no defaults that have been called or rescheduling of borrowings by any financial institution or bank in relation to borrowings availed by our Company from any financial institutions or banks.

**Launch of key products or services, entry into new geographies or exit from existing markets**

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see “*Our Business*” and “*Major events and milestones in the History of our Company*” on pages 119 and 138.

**Our Holding Company**

As on the date of the RHP, we have no holding company.

**Our Subsidiary**

We do not have any subsidiaries as on the date of the RHP.

**Joint Ventures of our Company**

As on the date of this Red Herring Prospectus, our Company does not have any joint ventures.

**Significant financial or strategic partnerships**

Our Company has not entered into any significant financial or strategic partnerships

**Capacity/facility creation, location of plants**

For details pertaining to capacity/ facility creation, location of plants, please see the chapter titled “*Our Business*” beginning on page 119 of this RHP.

**Shareholders Agreement and Other Agreements**

As on the date of this RHP, the Company has not entered into any Shareholders Agreements.

**Agreements with strategic partners, joint venture partners and/or financial partners and other agreements**

There are no existing material agreements with strategic partners, joint venture and/or financial partners or other material agreements entered into by our Company which are not in its ordinary course of business.

**Agreements with Key Managerial Personnel or a Director or Promoter or any other employee of the Company**

There are no agreements entered into by key managerial personnel or a Director or Promoter or any other employee of the Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

**Key terms of other subsisting material agreements**

Except as disclosed herein, our Company has not entered into any other subsisting material agreements including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company.

## OUR MANAGEMENT

The Articles of Association require our Board to have at least 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this RHP, our Board comprises of 6 (six) Directors, including three Independent Directors. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act 2013 and the SEBI Listing Regulations.

The following table sets forth details regarding our Board of Directors as on the date of filing of this RHP with SEBI/RoC:

### Board of Directors

Sr. No.	Name, Fathers' Name, Designation, Period of Directorship, Term, Date of Birth, Age, Nationality, Address, Occupation & DIN	Other Directorships
1.	<p>Mr. Mukeshkumar Patel S/o Babubhai Patel</p> <p><b>Designation:</b> Chairman and Managing Director</p> <p><b>Period of Directorship:</b> Since January 24, 2012.</p> <p><b>Term:</b> 5 Years from January 6, 2021 to January 5, 2026, liable to retire by rotation</p> <p><b>Date of Birth:</b> June 13, 1978</p> <p><b>Age:</b> 43 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Address:</b> Narsinhapura, P.O. Kukadiya, Tal. – Idar, Dist. - Sabarkantha, Pin: 383410, Gujarat.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 01944968</p>	NIL
2.	<p>Mr. Kirankumar Patel s/o Bhikhilal Patel</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Date of Birth:</b> June 20, 1984</p> <p><b>Period of Directorship:</b> Since January 24, 2012.</p> <p><b>Term:</b> 5 Years from January 6, 2021 to January 5, 2026, liable to retire by rotation</p> <p><b>Age:</b> 37 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Address:</b> Rampur, Ta. – Idar, Post – Ganthiol, Dist. – Sabarkantha, Pin - 383410 Gujarat.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 01918094</p>	NIL
3.	<p>Mr. Dineshbhai Patel S/o Ramanlal Patel</p> <p><b>Designation:</b> Whole-Time Director</p> <p><b>Date of Birth:</b> June 1, 1969</p> <p><b>Period of Directorship:</b> Since August 6, 2014.</p> <p><b>Term:</b> 5 Years from January 6, 2021 to January 5, 2026, liable to retire by rotation</p>	Dhvanish And Devang Petro Private Limited.

Sr. No.	Name, Fathers' Name, Designation, Period of Directorship, Term, Date of Birth, Age, Nationality, Address, Occupation & DIN	Other Directorships
	<p><b>Age:</b> 52 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Address:</b> At –Laxmanpura, P.O. Goral, Ta. – Idar, Sabarkantha, Pin – 383410, Gujarat, India.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 01917917</p>	
4.	<p>Mr. Kamal Dave S/o Aniruddh Dave <b>Designation:</b> Independent Director <b>Date of Birth:</b> January 21, 1978 <b>Period of Directorship:</b> Since January 5, 2021. <b>Term:</b> 5 Years from January 5, 2021 to January 4, 2026, not liable to retire by rotation <b>Age:</b> 43 <b>Nationality:</b> Indian <b>Address:</b> 9, Utkarsh Society, Bhudarpura, Ambawadi, Ahmedabad City, Ambawadi Vistar, Ahmedabad, Pin – 380015, Gujarat, India <b>Occupation:</b> Professional <b>DIN:</b> 09017140</p>	NIL
5.	<p>Mr. Daxeshkumar Thakkar S/o Manharlal Thakkar <b>Designation:</b> Independent Director <b>Date of Birth:</b> December 21, 1974 <b>Period of Directorship:</b> Since January 5, 2021. <b>Term:</b> 5 Years from January 5, 2021 to January 4, 2026, not liable to retire by rotation <b>Age:</b> 46 Years <b>Nationality:</b> Indian <b>Address:</b> Krishnakunj, Petrolpamp Road, Gambhoi, Ta: Himatnagar, Dist: Sabarkantha Himatnagar Gujarat 383030 <b>Occupation:</b> Professional <b>DIN:</b> 03522026</p>	Akshar Ispat Limited
6.	<p>Mrs. Nidhi Gupta W/o Praveen Gupta <b>Designation:</b> Independent Director <b>Date of Birth:</b> July 6, 1981 <b>Period of Directorship:</b> Since January 5, 2021. <b>Term:</b> 5 years from January 5, 2021 to January 4, 2026, not liable to retire by rotation <b>Age:</b> 40 years <b>Nationality:</b> Indian</p>	NIL



Sr. No.	Name, Fathers' Name, Designation, Period of Directorship, Term, Date of Birth, Age, Nationality, Address, Occupation & DIN	Other Directorships
	<p><b>Address:</b> C 201, Kaveri Sangam, Near Shilaj Cross Road, Shilaj Thaltej, VTC: P.O. Shilaj, District: Ahmedabad, Pin- 380058, Gujarat.</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 09019444</p>	

None of our Directors are related to each other or to any of the KMPs as per the definition "Relative" under the Companies Act, 2013.

None of our director are on the RBI List of wilful defaulters as on the date of the RHP.

None of our directors are or have been directors in any of the listed companies which have been/ were delisted from the stock exchange(s) during his / her tenure in that Company(ies).

None of our directors are or have been directors in any of the listed companies whose shares have been/were suspended from being traded on any of the stock exchange(s) during his / her tenure in that Company(ies).

No proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise of any of Directors of our Company.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the abovementioned Directors was selected as director or member of senior management.

#### Brief Profile of the Directors

**Mr. Mukeshkumar Patel**, aged 43 years is the Promoter, Chairman and Managing Director of our Company. He has been on the Board of Directors of our Company since January 24, 2012. He has been appointed as the Managing Director of the Company on January 6, 2021 and designated as Chairman with effect from January 8, 2021. He does not have a formal education degree. Prior to joining our Company, he was associated with Classic Microtech Private Limited from 2007 to 2011 as Account Finance Manager and was involved in managing the finances of the company, during his association. He has also been associated with Regent Granito (India) Limited as Manager Account and Finance from 2002 till 2007. He possesses approximately 19 years of experience in handling and dealing with financial and marketing operations in building material & Ceramic Industry. He has been instrumental in planning and formulating the overall business and commercial strategy and developing business relations of our Company. He looks after and manages the entire accounting and financial operations of our Company.

**Mr. Kirankumar Patel**, aged 37 years, is Whole-time Director and one of the Promoters of our Company. He has been on the Board of Directors since January 24, 2012. He has been appointed as the Whole-Time Director of our Company on January 6, 2021. He does not have a formal education degree. Prior to joining our Company, he was a proprietor of a proprietary concern, M/s. Sunshine Vitrified Tiles from 2006 till 2011. He possesses over 15 years of experience in sales and marketing operations and in the manufacturing industry. He manages the entire Sales and Distribution process and also leads and monitors the human resources department.

**Mr. Dineshbhai Patel**, aged 52 years, is Whole-time Director and one of the Promoters of our Company. He has been associated with our Company since 2014. He has been appointed as the Whole-Time Director of our Company on January 6, 2021. He does not have a formal education degree. Prior to joining our Company, he was associated with Regent Granito (India) Limited from 2002 till 2007 as Manger Production and Operations and with Classic Microtech Private Limited from 2007 to 2012 as Manager – Production Operations and was involved in managing production activities of the aforesaid companies, during his association. He has an experience profile spanning 18 years covering production activities, streamlining of processes and procedures to facilitate smooth production process & enhanced productivity in the manufacturing industry. He manages the entire production and administrative operations at manufacturing facility of the Company at Talod.

**Mr. Kamal Dave**, aged 42 years, is the Independent Director of our Company. He has been associated with our Company since 2021. He is a practicing Chartered Accountant and is the sole proprietor of M/s. Kamal Dave and Co. since 2009 till date and a member of the Institute of Chartered Accountants of India. He has an overall work experience of 12 years in the field of accounts and finance.

**Mr. Daxeshkumar Thakkar**, aged 46 years, is the Independent Director of our Company. He has been associated with our Company since 2021. He holds a bachelors' degree in law from North Gujarat University. He has over 22 years of work experience in the legal field as an independent legal tax consultant and provides legal tax consultancy services through his own consulting firm, Daxesh M. Thakkar, Advocate from 1999 till

date. He is also on the board of Akshar Ispat Limited.

**Mrs. Nidhi Gupta**, aged 40, is the Independent Director of our Company. She has been associated with our Company since 2021. She is a member of the Institute of Chartered Accountants of India. She has an overall work experience of 6 years in the field of accounts and finance and has worked as a Chartered Accountant at Kalani & Company, Chartered Accountants from 2008 to 2012 and with the Sandesh Limited as Senior Officer – General Accounts from 2016 to 2018. She is currently working as Assistant Manager Accounts & Finance with Satyesh Brinechem Private Limited.

### **Borrowing Powers**

In terms of the Article of Association of our Company, the Board of Directors of our Company is authorized subject to the provisions of Articles, Section 73 to 76, 179, 180 of the Act or Applicable Law, raise or borrow from time to time, at its discretion, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; by a resolution of the Board, or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

In the Extra-ordinary General Meeting held on January 18, 2021, the consent of the Company be and was accorded to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time (apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business) shall not exceed the sum of ₹500 crores (Rupees Five Hundred Crores only).

### **Compensation of Managing Director and Whole-Time Directors**

We have not entered into any service agreement with the Managing Director, Mr. Mukeshkumar Patel and Whole-Time Directors, Mr. Kirankumar Patel and Mr. Dineshbhai Patel, providing for the benefits upon termination of employment. However, the terms and conditions, relating to remuneration and appointment of Mr. Mukeshkumar Patel is set out in the Board resolution dated January 6, 2021. The terms and conditions, relating to remuneration and appointment of Mr. Kirankumar Patel is set out in the Board resolution dated January 6, 2021 and the terms and conditions, relating to remuneration and appointment of Mr. Dineshbhai Patel is set out in the board resolution dated January 6, 2021.

The details of remuneration of the Managing Director:

#### **Mr. Mukeshkumar Patel, Chairman and Managing Director**

<b>Particulars</b>	<b>Remuneration</b>
Basic Salary	₹ 50,000/- (Rupees Fifty Thousand only) per month w.e.f. January 6, 2021.
Perquisites	He shall be provided with : <ol style="list-style-type: none"> <li>1. Free furnished accommodation or rent allowance in lieu thereof;</li> <li>2. Reimbursement of electricity, gas charges, and water charges;</li> <li>3. Reimbursement of: <ol style="list-style-type: none"> <li>a. Leave travel allowance for self and family;</li> <li>b. Medical expenses, in India or abroad (including insurance premium for medical and hospitalization policy) for self and family.</li> <li>c. Children education allowance;</li> <li>d. Club fees;</li> <li>e. Premium toward personal accident insurance subject to a ceiling of 10% of the annual salary per annum.</li> </ol> </li> </ol>
Provident Fund	Provident Fund Contribution are not taxable under the Income Tax Act, 1961

Other Amenities	He shall be provided with a car and driver for use on Company's Business; free telephone use at residence; and reimbursement of all actual costs, expenses, charges incurred in course of the Company's business .
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The details of remuneration of the Whole Time Directors:

***Mr. Kirankumar Patel, Whole-Time Director***

Particulars	Remuneration
Basic Salary	₹ 50,000/- (Rupees Fifty Thousand only) per month w.e.f. January 6, 2021.
Perquisites	He shall be provided with : 1. Free furnished accommodation or rent allowance in lieu thereof; 2. Reimbursement of electricity, gas charges, and water charges; 3. Reimbursement of: a. Leave travel allowance for self and family; b. Medical expenses, in India or abroad (including insurance premium for medical and hospitalization policy) for self and family. c. Children education allowance; d. Club fees; e. Premium toward personal accident insurance subject to a ceiling of 10% of the annual salary per annum.
Provident Fund	Provident Fund Contribution are not taxable under the Income Tax Act, 1961
Other Amenities	He shall be provided with a car and driver for use on Company's Business; free telephone use at residence; and reimbursement of all actual costs, expenses, charges incurred in course of the Company's business .

***Mr. Dineshbhai Patel, Whole-Time Director***

Particulars	Remuneration
Basic Salary	₹ 50,000/- (Rupees Fifty Thousand only) per month w.e.f. January 6, 2021.
Perquisites	He shall be provided with : 1. Free furnished accommodation or rent allowance in lieu thereof; 2. Reimbursement of electricity, gas charges, and water charges; 3. Reimbursement of: a. Leave travel allowance for self and family; b. medical expenses, in India or abroad (including insurance premium for medical and hospitalization policy) for self and family. c. Children education allowance; d. Club fees; e. Premium toward personal accident insurance subject to a ceiling of 10% of the annual salary per annum.
Provident Fund	Provident Fund Contribution are not taxable under the Income Tax

	Act, 1961
Other Amenities	He shall be provided with a car and driver for use on Company's Business; free telephone use at residence; and reimbursement of all actual costs, expenses, charges incurred in course of the Company's business .

#### **Payment of compensation or benefit to Directors/ officers of our Company**

The Board of Directors may in due course authorize the amount of sitting fees payable to our Independent Directors for attending each meeting of the Board or committee thereof apart from the cost of travelling and other out of pocket expenses that shall be paid in addition to the sitting fees.

The compensation/sitting fees/other remuneration paid to our current Directors for the financial year March 2021 are as follows:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Amount (in ₹)</b>
1.	Mr. Mukeshkumar Patel	Basic Salary of Rs. 480,000 exclusive of allowance amounting to Rs. 98,400.
2.	Mr. Kirankumar Patel	Basic Salary of Rs. 480,000 exclusive of allowance amounting to Rs. 98,400.
3.	Mr. Dineshbhai Patel	Basic Salary of Rs. 480,000 exclusive of allowance amounting to Rs. 98,400.
4.	Mr. Kamal Dave	NIL
5.	Mr. Daxeshkumar Thakkar	NIL
6.	Mrs. Nidhi Gupta	NIL

The abovementioned remuneration and perquisites are subject to the ceiling laid down in Sections 197 and Schedule V of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee and with the approval of the Central Government.

Except as stated in this RHP, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and key management personnel.

Further, our Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Management Personnel, are entitled to benefits upon termination of employment. Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Directors and Key Management Personnel, are entitled to any benefit upon termination of employment or superannuation.

Our Company does not have any bonus or profit-sharing plan for its Directors.

There is no contingent or deferred compensation payable to our Directors.

#### **Shareholding of the Directors in our Company**

Our Articles of Association do not require our Directors to hold any qualification shares. Except as disclosed in "Capital Structure – Equity Shareholding of Directors and Key Managerial Personnel in our Company" on 137, none of our Directors hold any Equity Shares in our Company as on the date of this Red Herring Prospectus.

#### **Interest of Directors**

Our directors are interested in our Company in the following manner:-

- All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association;
- All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them to the extent of any dividends payable to them and other distributions in respect of the said Equity

Shares;

- (c) Mr. Mukeshkumar Patel, Promoter and Chairman & Managing Director, Mr. Kirankumar Patel, Promoter and Whole Time Director and Mr. Dineshbhai Patel, Promoter and Whole Time Director have extended unsecured loans to our Company as on March 31, 2021, to the tune of Rs. 0.06 million; Rs.0.69 million; and Rs. 8.76 million, respectively and may be deemed to be interested to that extent;
- (d) Mr. Mukeshkumar Patel, Promoter and Chairman & Managing Director, Mr. Kirankumar Patel, Promoter and Whole Time Director and Mr. Dineshbhai Patel, Promoter and Whole Time Director have extended personal guarantees for securing the repayment of bank loans obtained by our Company from our lenders, and may be deemed to be interested to that extent;
- (e) All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold directorships or any partnership firms in which they are partners as declared in their respective declarations;
- (f) Our directors have no interest in any property acquired by our Company or proposed to be acquired by our Company as of date of this Red Herring Prospectus.
- (g) Except Mr. Mukeshkumar Patel, Mr. Kirankumar Patel, and Mr. Dineshbhai Patel, who are our Promoter, none of our Directors have any interest in the promotion of our Company, as on the date of this Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or qualify him/her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Except as disclosed in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors either to induce them to become or to qualify them as Directors except the normal remuneration for services rendered by them as Directors.

No loans have been availed by our Directors from our Company and none of our Directors is related to the beneficiaries of loans, advances and sundry debtors of our Company as on date of this filing of this Red Herring Prospectus.

*Except as stated above and under the headings "Note 36-Related Party Information as per Ind AS" on page F-37 under the section titled "Financial Information", we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this RHP in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.*

#### **Changes in our Board of Directors during the last three years**

The following changes have taken place in the Board of Directors of our Company during the last three years:

Sr. No	Name	Date of Appointment/ change	Reason
1.	Mr. Mukeshkumar Patel	January 6, 2021	Appointed as Managing Director
2.	Mr. Kirankumar Patel	January 6, 2021	Appointed as Whole-Time Director
3.	Mr. Dineshbhai Patel	January 6, 2021	Appointed as Whole-Time Director
4.	Mr. Kamal Dave	January 5, 2021	Appointed as an Additional Independent Director of the Company and thereafter regularized as Independent Director
5.	Mr. Daxeshkumar Thakkar	January 5, 2021	Appointed as an Additional Independent Director of the Company and thereafter regularized as Independent Director
6.	Mrs. Nidhi Gupta	January 5, 2021	Appointed as an Additional Independent Director of the Company and thereafter regularized as Independent Director
7.	Mr. Rameshbhai Patel	November 5,	Resigned from the position of Director.

Sr. No	Name	Date of Appointment/ change	Reason
		2020	

### Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges and the applicable regulations of SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges, the SEBI Listing Regulations and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board of Directors is constituted in compliance with the Companies Act, Listing Agreement to be executed with Stock Exchanges, the SEBI Listing Regulations and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

### Committee of the Board in accordance with the SEBI Listing Regulations

#### I. Audit Committee

Audit Committee was constituted vide Board Resolution dated January 5, 2021. The existing Audit Committee of our Company comprises of the following: -

- (i) Mr. Daxeshkumar Thakkar - Chairman;
- (ii) Mr. Kamal Dave – Member; and
- (iii) Mr. Mukeshkumar Patel – Member;

The Audit Committee shall meet at least four times a year with maximum interval of 120 days between two meetings of the Audit Committee.

The role of the Audit Committee shall be in accordance with section 177 of the Companies Act, 2013 and as per Regulation 18 and Part C of Schedule II of SEBI Listing Regulations. The role of the Audit Committee shall include the following:

- (1) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company ;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions (the term "related party transaction" shall have the same meaning as assigned to it under the SEBI Listing Regulations, and any amendment made to it);

- (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  - (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - (8) approval or any subsequent modification of transactions of the Company with related parties;
  - (9) scrutiny of inter-corporate loans and investments;
  - (10) valuation of undertakings or assets of the Company, wherever it is necessary;
  - (11) evaluation of internal financial controls and risk management systems;
  - (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (14) discussion with internal auditors of any significant findings and follow up there on;
  - (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (18) to review the functioning of the whistle blower mechanism;
  - (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  - (20) carrying out any other function as is mentioned in the terms of reference of the audit committee;
  - (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances /investments existing as on April 1, 2019, if applicable.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review

by the audit committee.

- (6) statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI ICDR Regulations. (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI ICDR Regulations.

## **II. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted vide Board Resolution dated January 5, 2021. The members of the Nomination and Remuneration Committee are: -

- (i) Mr. Daxeshkumar Thakkar -Chairman;
- (ii) Mrs.Nidhi Gupta– Member; and
- (iii) Mr. Kamal Dave – Member.

The Nomination and Remuneration Committee shall meet at once a year.

The role of the Nomination and Remuneration Committee shall be in accordance with Section 178 of the Companies Act 2013 and as per Regulation 19 and Part D of Schedule II of SEBI Listing Regulations as follows:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) 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;
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

## **III. Stakeholders Relationship Committee**

Stakeholders Relationship Committee was constituted vide the Board meeting held on January 5, 2021. The members of the Stakeholders Relationship Committee are:

- (i) Mr. Daxeshkumar Thakkar– Chairman;
- (ii) Mr. Kamal Dave – Member;
- (iii) Mr. Kirankumar Patel – Member.

The frequency of meetings of Stakeholders Relationship Committee is at least once in a year.

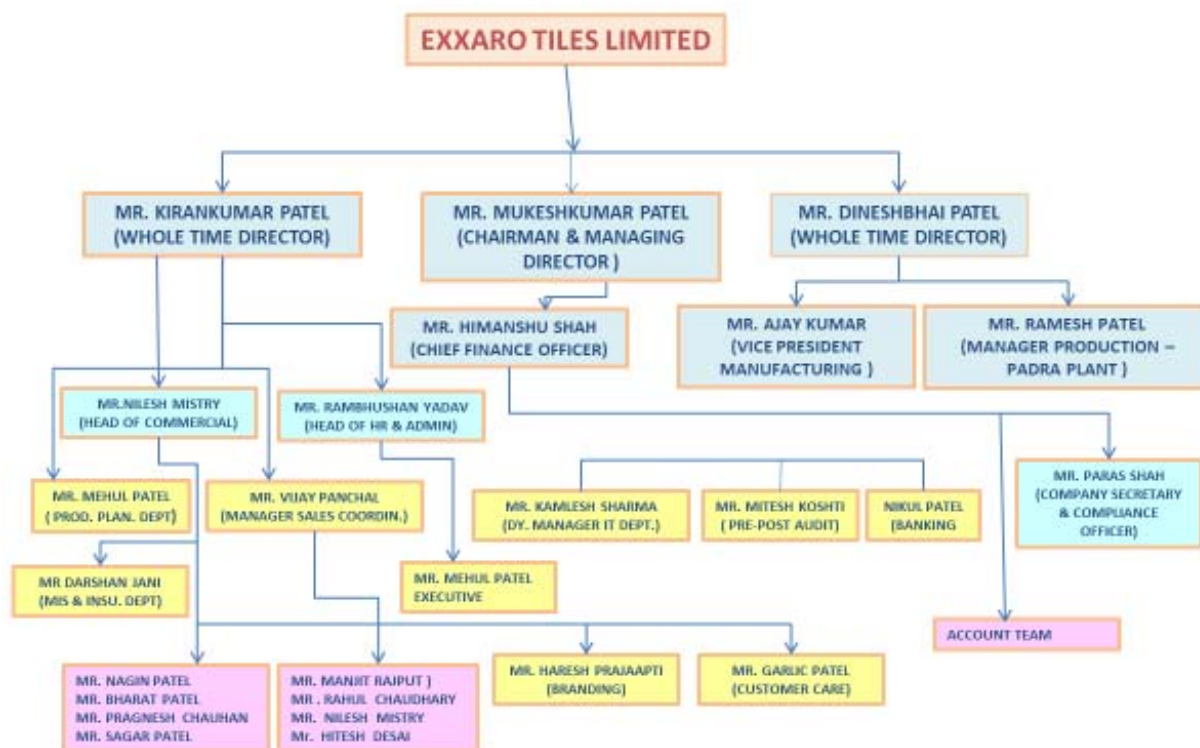
The role of the Stakeholders Relationship Committee shall be in accordance with Section 178 of the Companies Act, 2013 and as per Regulation 20 and Part D of Schedule II of the SEBI Listing Regulations and is as follows:

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.



- (4) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

### Management Organizational Structure



### Key Management Personnel

In addition to Mr. Mukeshkumar Patel, Mr. Kirankumar Patel and Mr. Dineshbhai Patel, whose details have been provided above, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations, as on the date of this Red Herring Prospectus are set forth below:

- (i) **Mr. Himanshu Shah**, aged 51 Years, is the Chief Financial Officer of our Company. He has been appointed as CFO of the Company w.e.f. May 20, 2021. He has a degree in Bachelors of Commerce from Gujarat University. He is qualified as a Chartered Accountant. He has an overall experience of 14 years in Finance, Auditing and Accounting. Prior to joining our Company, he was a General Manager – Finance and Accounts Department at Asian Granito India Limited from January 27, 2015 till May 8, 2021. He joined our Company in Financial Year 2021-2022 and has therefore, not received any compensation for the Financial Year 2021-2022.
- (ii) **Mr. Paras Shah**, aged 25 years, is the Company Secretary and Compliance Officer of our Company. He has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. January 5, 2021. He has a bachelors degree in Commerce from Gujarat University. He is an associate member of the Institute of Company Secretaries of India. He has an overall experience of nearly 3 years in the secretarial field. Prior to joining our Company as a Company Secretary, he rendered professional Service to Marudhar Industries Limited as a Company Secretary and compliance officer from June 1, 2017 to December 31, 2020. In the Financial Year 2021, he received a gross remuneration of ₹ 120,600/-.
- (iii) **Mr. Ajay Kumar Pinnimti**, aged 56 Years, is the Vice President - Manufacturing of our Company. He has been associated with our Company since 2012 till 2018 as director of our Company and thereafter, appointed as General Manager – Production w.e.f. January 1, 2018. He was subsequently appointed as

Vice President - Manufacturing of our Company w.e.f. April 1, 2021. He has a bachelors degree in Science in Engineering Technology from the Birla Institute of Technology Science. He has an overall experience of nearly 17 years in the manufacturing field of double charge vitrified, glazed vitrified and soluble salt ceramic polished tiles. He manages and oversees the entire production operations at Unit II. Prior to joining our Company, he was the Vice President at Regent Granito (India) limited from 2004 till 2012. In the Financial Year 2021, he received a gross remuneration of ₹ 2,200.000/-.

- (iv) **Mr. Ramesh Patel**, aged 44, has been associated with our Company since 2012. He has not received a formal educational degree. He has over 14 years of experience in the industry in which our Company operates. Prior to joining our Company, he has worked as the Manager – Production Operation from 2006 till 2012 with Classic Microtech Private Limited. He has been associated with our Company as a Production director from 2012 till 2014 after which he was appointed as a Non-executive Director on the Board of our Company from August 6, 2014 till November 5, 2020. He manages and oversees the entire production operations at Unit I. In the Financial Year 2021, he received a gross remuneration of ₹ 578,400/-.

### Shareholding of Key Management Personnel

Except as disclosed in “*Capital Structure – Equity Shareholding of Directors and Key Managerial Personnel in our Company*”, on page 13763, none of our Key Management Personnel hold any Equity Shares in our Company as on the date of this Red Herring Prospectus

### Notes:

1. All the key managerial personnel mentioned above are permanent employees of our Company and none of them are related to each other or to any Director of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the abovementioned Key Managerial Personnel have been recruited.
3. As on the date of filing of this RHP, our Company does not have a performance linked bonus or a profit sharing plan with the Key Managerial Personnel.
4. There is no contingent or deferred compensation payable to our Key Managerial Personnel, which does not form part of their remuneration.
5. No non-salary-related payments or benefits have been made to our key management personnel based on targets achieved and general performance.

### Changes in the Key Management Personnel during last three years:

Following have been the changes in the key managerial personnel during the last three years:

Sr. No.	Name of KMP	Designation	Date of Appointment/ Change	Date of Resignation	Reasons
1.	Mr. Himanshu Shah	Chief Financial Officer	May 20, 2021	-	Appointment
2.	Mr. Paras Shah	Company Secretary	January 05, 2021	-	Appointment
3.	Mr. Dhaval Shah	Chief Financial Officer	December 29, 2020	May 20, 2021	Resignation
4.	Mr. Parth Shah	Company Secretary	February 7, 2019	March 30, 2020	Resignation
5.	Mr. Parth Shah	Company Secretary	March 29, 2018	June 27, 2018	Resignation

### Interest of Key Management Personnel

None of our Key Management Personnel has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business.

No loans have been availed by the Key Management Personnel from our Company as on date of this filing of this Red Herring Prospectus.

### Employees

As of March 31, 2021, we have 493 employees. Further, we appoint contract labours from time to time depending upon the requirement of our Company.

**Employee stock option and stock purchase schemes**

As on date of this Red Herring Prospectus, our Company does not have any employee stock option and stock purchase schemes.

**Payment or Benefit to Key Managerial Personnel of our Company**

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of this Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

## OUR PROMOTERS AND PROMOTER GROUP

As on date of this Red Herring Prospectus, our Promoters in aggregate, hold 18,519,005 Equity Shares in our Company, representing 55.19% of the issued, subscribed and paid-up Equity Share capital of our Company.

For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure – History of the Equity Share capital held by our Promoters*", on page 70

The following are the details of the Promoters of our Company:

	<p><b>Mr. Mukeshkumar Patel</b>, aged 43 years, is the Chairman and Managing Director of our Company. He has been on the Board of Directors of our Company since the year 2012. He has been appointed as the Managing Director of the Company on January 6, 2021 and designated as Chairman with effect from January 8, 2021. For his complete profile along with the details of his date of birth, address, educational qualification, experience in the business, positions/posts held in past, directorships held, special achievements, his business and financial activities, please refer to the chapter titled "<i>Our Management</i>" on page 141.</p> <p><b>PAN No.:</b> AKSPP4036F  <span style="background-color: black; color: black;">XXXXXXXXXX</span></p> <p><b>Driving License:</b> GJ0919970003375</p>
	<p><b>Mr. Kirankumar Patel</b>, aged 37, is a Whole Time Director of our Company with effect from January 6, 2021. He has been on the Board of Directors since 2012. For his complete profile along with the details of his date of birth, address, educational qualification, experience in the business, positions/posts held in past, directorship held, special achievements, his business and financial activities, please refer to the chapter titled "<i>Our Management</i>" on page 141.</p> <p><b>PAN No.:</b> ALPPP2467E  <span style="background-color: black; color: black;">XXXXXXXXXX</span></p> <p><b>Driving License:</b> GJ0920040014078</p>
	<p><b>Mr. Dineshbhai Patel</b>, aged 52, is a Whole Time Director of our Company with effect from January 6, 2021. He has been on the Board of Directors since 2014. For his complete profile along with the details of his date of birth, address, educational qualification, experience in the business, positions/posts held in past, directorship held, special achievements, his business and financial activities, please refer to the chapter titled "<i>Our Management</i>" on page 141.</p> <p><b>PAN No.:</b> AKHPP8739Q  <span style="background-color: black; color: black;">XXXXXXXXXX</span></p> <p><b>Driving License:</b> N.A.</p>
	<p><b>Mr. Rameshbhai Patel</b>, aged 45, has been associated with our Company since 2012. He is currently the Manager - Production Operations of Unit I. For his complete profile along with the details of his date of birth, educational qualification, experience in the business, positions/posts held in past, directorship held, special achievements, his business and financial activities, please refer to the chapter titled "<i>Our Management</i>" on page 141.</p> <p><b>Date of Birth:</b> June 1, 1976  <b>Address:</b> Rampurnava, Ganthiyol, Sabarkantha, Ganthiyol, Gujarat - 383 410.  <b>PAN No.:</b> AUJPP3009M  <span style="background-color: black; color: black;">XXXXXXXXXX</span></p> <p><b>Driving License:</b> GJ09/021601/06</p>

We confirm that the permanent account numbers, bank account details and passport numbers of our Promoters has been submitted to the Stock Exchanges, at the time of filing the DRHP with them.

### **Other ventures of our Promoters**

Except as set out in this chapter under heading “Promoter Group” and the chapter titled “*Our Management*” on page 141, our Promoters are not involved with any other venture, as a shareholder/stakeholder, proprietor, partner, promoter or director.

### **Change of control of our Company**

Our Promoters are the original promoters of our Company. There has not been any change in the management or control of our Company during the last five years preceding the date of this Red Herring Prospectus

### **Interest of Promoters**

Nature and extent of interest of our Promoters in our Company:

Our Promoters are interested in our Company to the extent that they have promoted our Company.

Mr. Mukeshkumar Patel, Mr Kirankumar Patel and Mr. Dineshbhai Patel who are also the Directors of our Company may be deemed to be interested to the extent of remuneration, commission and reimbursement of expenses payable to them as per the terms of the Articles of our Company and relevant provisions of Companies Act. For further information on our Promoter’s compensation and other details “*Our Management - Compensation of Managing Director and Whole-Time Directors*” on page 144.

Our Promoter, Mr. Rameshbhai Patel who is also the Production Manager of our manufacturing facility at Padra may be deemed to be interested to the extent of remuneration, commission and reimbursement of expenses payable to him in terms of his appointment letter.

Our Promoters may also be deemed to be interested to the extent of Equity Shares held by them and their relatives in our Company and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares in our Company. For details regarding the shareholding of our Promoter in our Company, see “*Capital Structure*” on page 63.

Further, our Promoters have given personal guarantees towards financial facilities availed by our Company; therefore, are interested to the extent of the said guarantees. Further our Promoters, Mr. Mukeshkumar Patel, Mr. Kirankumar Patel, Mr. Dineshbhai Patel and Mr. Rameshbhai Patel have extended unsecured loans to our Company, as on March 31, 2021 to the tune of Rs. 0.06 million; Rs.0.69 million; Rs. 8.76 million and Rs. 8.50 million, respectively and may deemed to be interested to that extent;

For further details of interest of our Promoter in our Company, see “*Restated Financial Statements*” on page 160.

Our Promoters and Directors 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 such person to become, or qualify them as a Director or Promoter, or otherwise for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

### **Interest in property, land, construction of building, supply of machinery**

Our Promoters do not have any interest in any property acquired by our Company in the three years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery or any other contract, agreement or arrangement entered into by our Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

### **Payment or benefits to our Promoter in the last two years**

Except as stated otherwise in “*Our Management - Compensation of Managing Director and Whole-Time Directors*”, “*Interests of our Promoter*” and “*Restated Financial Statements*” on pages 144, 155 and 160, respectively, no benefit or amount has been given or paid to our Promoter or members of our Promoter Group within the two years immediately preceding the date of filing this Red Herring Prospectus or is intended to be paid or given to our Promoter or members of our Promoter Group.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date hereof in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them

### Common Pursuits

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

### Companies or firms with which our Promoters have disassociated in the last three years

Except as disclosed below, none of our Promoters have disassociated themselves from any companies, firms or other entities during the last three years preceding the date of the RHP:

Mr. Dineshbhai Patel and Mr. Kirankumar Patel have disassociated themselves from Shailon Biotech Limited by resigning from the company as directors on January 17, 2019 due to personal commitments, respectively but continue to hold shares in the company aggregating to 19% and 7% of its share capital respectively.

Mr. Mukeshkumar Patel has disassociated himself from Classic Microtech Private Limited by resigning from the company as directors on August 14, 2018 due to personal commitments and by transferring his entire shareholding in the company in January 2021.

Mr. Rameshbhai Patel has disassociated himself from Classic Microtech Private Limited by transferring his entire shareholding in the company in January 2021.

Mr. Dineshbhai Patel has disassociated himself from Classic Microtech Private Limited by transferring his entire shareholding in the company in January 2021.

### Promoter Group

Our Promoter Group as defined under Regulations 2(1)(pp) of the SEBI ICDR Regulations includes the following individuals and body corporates:

#### (i) Natural Person

##### a) Mr. Mukeshkumar Patel

The following natural persons form part of the Promoter Group as relatives of Mr. Mukeshkumar Patel:-

Relationship	Name
Father	Babubhai Patel
Mother	Surajben Patel
Wife	Chetanaben Patel
Sister	Kailashben Patel
Sister	Ranjanben Patel
Son	Palkumar Patel
Daughter	Tithi Patel
Wife's Father	Parshottambhai Patel
Wife's Mother	Dahiben Patel
Wife's Brother(s)	Upendrakumar Patel
Wife's Sister(s)	Arunaben Patel

##### b) Mr. Kirankumar Patel

The following natural person form part of the Promoter Group as relatives of Mr. Kirankumar Patel:-

Relationship	Name
Father	Bhikhabhai R Patel
Mother	Savitaben B Patel
Wife	Rinkuben K Patel
Brother(s)	Jigarbhai B Patel
Son(s)	Vihan K Patel
Daughter(s)	Sachi K Patel
Wife's Father	Late Kodarbhai K Patel
Wife's Mother	Kamalaben K Patel

Wife's Sister(s)	Gitaben B Patel
Wife's Sister(s)	Jashodaben A Patel
Wife's Sister(s)	Premilaben K Patel
Wife's Sister(s)	Heenaben H Patel

c) Mr. Dineshbhai Patel

The following natural person form part of the Promoter Group as relatives of Mr. Dineshbhai Patel:-

Relationship	Name
Father	Ramanbhai Virabhai Patel
Mother	Reviben Ramanbhai Patel
Wife	Dimpalben Dineshbhai Patel
Brother(s)	Vasantbhai Ramanbhai Patel
Sister(s)	Jasiben Hasmukhbhai Patel
Son(s)	Dharmendrabhai Dineshbhai Patel
Wife's Father	Late. Bhikhabhai Dhulabhai Patel
Wife's Mother	Late. Beniben Bhikhabhai Patel
Wife's Brother(s)	Hasmukhbhai Patel
Wife's Brother(s)	Jayantibhai Patel
Wife's Sister(s)	Vanitaben Rakeshbhai Patel

d) Mr. Rameshbhai Patel

The following natural person form part of the Promoter Group as relatives of Mr. Rameshbhai Patel:-

Relationship	Name
Father	Shivabhai Ramabhai Patel
Mother	Divaben Shivabhai Patel
Wife	Shushilaben Rameshbhai Patel
Brother(s)	Rakeshbhai Shivabhai Patel
Sister(s)	Premilaben Mahendrabhai Patel
Son(s)	Harshbhai Rameshbhai Patel
Daughter(s)	Mansiben Rameshbhai Patel
Wife's Father	Revabhai Pashabhai Patel
Wife's Mother	Dhikhiben Revabhai Patel
Wife's Brother(s)	Dineshbhai Patel
Wife's Brother(s)	Hareshbhai Patel
Wife's Sister(s)	Varshaben Vinubhai Patel

(ii) **Body Corporate:**

Following are the Promoter Group entities:

- Mukesh Babubhai Patel (HUF)
- Dinesh Raman Patel (HUF)
- Ramesh Shiva Patel (HUF)
- Kiran Bhikha Patel (HUF)

**Other Confirmation:**

Other than for certain loans availed by our Company, for which our Promoters, have provided personal guarantees towards security, as of the date of this Red Herring Prospectus, our Promoters have not provided any guarantees to third parties. For further details, please refer to the chapter titled “*Financial Indebtedness*” beginning on page 188.

Our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company.

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term “group companies”, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, all such companies with which our Company had related party transactions as per the Restated Financial Statements, as covered under the relevant accounting standard (i.e. Ind AS 24) shall be considered as group companies in terms of the SEBI ICDR Regulations.

Pursuant to a resolution of our Board dated February 1, 2021, for the purpose of disclosure in offer documents for the Offer, a company shall be considered material and disclosed as a ‘group company’ if (i) the investment in the form of equity or loan by the Company in such companies exceeds 10% of the net worth of the Company for the last audited financial year as per the Restated Financial Statements; and (ii) where the Company has entered into one or more transactions with such company/ entity in the last audited financial year, cumulatively exceeding 10% of the total revenue of the Company for the last audited financial year as per the Restated Financial Statements.

Further, in terms of the aforementioned resolution of our Board, it is clarified that any companies which, subsequent to March 31, 2021, have ceased to be related parties of the Company in terms of Ind AS 24 solely on account of there being no significant influence/control over such company in terms of Ind AS 24 (as confirmed by the IPO Committee in a resolution) shall not be considered as ‘group companies’ for the purpose of disclosure in this Red Herring Prospectus.

Based on the foregoing, we have no group companies.



## **DIVIDEND POLICY**

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects. Our Company has no formal dividend policy. Our Company has not declared dividends during the last five Fiscals. For further details, please refer to the chapter titled “Restated Financial Statement” beginning on page 160 of this RHP. Our Company may also, from time to time, pay interim dividends.

**SECTION V – FINANCIAL INFORMATON**  
**RESTATED FINANCIAL STATEMENTS**

<b>S. No.</b>	<b>Details</b>	<b>Page No.</b>
1.	Restated Financial Statements	F-1 to F- 49

**Independent Auditor's Examination Report on the Restated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Statement of Profit and Loss (including Other Comprehensive Income), Restated Statement of Changes in Equity, Restated Cash-flow Statement, Summary Statement of Significant Accounting Policies and Other Explanatory Information for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019.**

**To**

**The Board of Directors**

Exxaro Tiles Limited

(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")

Sur. No. 169 and 170

Vavdi Harsol Road,

Talod, Sabarkantha – 383305

Gujarat, India.

Dear Sirs,

1. We have examined the attached Restated Standalone Financial Information of Exxaro Tiles Limited (the "Company") (Formerly known as Exxaro Tiles Private Limited and Ricasil Ceramic Industries Private Limited), comprising the Restated Standalone Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and 2019, the Restated Standalone Statements of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of Changes in Equity, the Restated Standalone Cash Flow Statement for each of the years ended March 31, 2021, 2020 and 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information, as approved by the Board of Directors of the Company at their meeting held on July 8, 2021 for the purpose of inclusion in the Red Herring Prospectus ("RHP Prospectus") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (the "SEBI ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

## **Management's Responsibility for the Restated Ind AS Summary Statements**

2. The Company's Board of Directors is responsible for the preparation of the Restated Standalone Financial Information for the purpose of inclusion in the RHP Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchanges and Registrar of Companies, Gujarat in connection with the proposed IPO. The Restated Standalone Financial Information has been prepared by the management of the Company on the basis of preparation stated in note 2(A) to the Restated Standalone Financial Information. The Board of Directors of the company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Companies Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

## **Auditors' Responsibilities**

3. We have examined such Restated Standalone 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 October 28, 2020 in connection with the proposed IPO of equity shares of the Company;
  - b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information;
  - d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

## **Restated Ind AS Summary Statements as per audited Financial Statements**

4. The Restated Standalone Financial Information have been compiled by the management of the Company from:
  - a) Audited Ind AS financial statements of the Company as at and for the year ended March 31, 2021 prepared in accordance with Ind AS as prescribed under Section 133 of the Act and other accounting principles generally accepted in India (together, the "Ind AS Financial Statements"), which have been approved by the Board of directors of the Company at their meetings held on June 18, 2021.

- b) The Restated Standalone Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2020 and 2019. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2020, 2019 which have been approved by the Board of Directors at their meeting held on July 8, 2021 as described in Note 41 to the Restated Standalone Financial Information.
5. We have audited the special purpose financial information of the Company for the year ended March 31, 2020 prepared by the Company in accordance with the Ind AS for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the “Peer Review Board” of the ICAI as required by ICDR Regulations in relation to proposed IPO. We have issued our report dated February 19, 2021 on this special purpose financial information to the Board of Directors who has approved these in their meeting held on February 19, 2021.
6. For the purpose of our examination, we have relied on:
  - a) Auditors’ report of the Company’s previous auditors, M/s. S J V P & Associates., Chartered Accountants (the “Previous Auditors”) dated November 01, 2020, September 05, 2019, on the Audited Standalone Financial Statements of the Company as at and for the years ended March 31, 2020 and March 31, 2019 respectively, as referred in para 4 above.

The audits for the financial years ended March 31, 2020 and 2019 were conducted by the Company’s previous auditors, M/S. S J V P & Associates. (the “Previous Auditors”), and accordingly reliance has been placed on the standalone statement of assets and liabilities and the stated standalone statements of profit and loss, and cash flow statements, the Summary Statement of Significant Accounting Policies, and other explanatory information examined by them for the said years. The examination report included for the said years is based solely on the report submitted by the Previous Auditors.
7. Based on our examination and according to the information and explanations given to us and based on the para 4 above, we report that the Restated Summary Financial Information:
  - a. has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020, 2019.
  - b. There were no qualifications in Auditor’s Report on the Standalone Audited Financial Statements of the Company for the year ended March 31, 2021, 2020 and 2019 which require any adjustments to the Restated Financial Information. However, our report dated June 18, 2021 includes emphasis of matter on impact of COVID-19 on operation of the Company. Qualifications in the Companies (Auditor’s Report) Order, 2016 issued by the Central

Government of India in term of Sub Section (11) of the section 143 of the Act, which do not require any corrective adjustments in the Restated Summary Financial Statement have been disclosed in “**Annexure A**” to the Independent Auditor’s Examination Report on the Restated Statement; and

- c. have been prepared in accordance with the Act, SEBI ICDR Regulations and the Guidance Note.
8. We have not audited or reviewed any financial statements of the Company as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, results of the operations or cash flow of the Company as of any date or for any period subsequent to March 31, 2021.
9. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report. Our report is intended solely for use of the Board of Directors for inclusion in the RHP and Prospectus to be filed with Securities and Exchange Board of India and relevant stock exchanges in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Place: Rajkot  
Date: July 8, 2021

For,  
**H B Kalaria and Associates**  
Chartered Accountants  
Firm Reg. No. 104571W

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(Hasmukh Kalaria)  
Partner  
Mem. No. 042002  
UDIN:21042002AAAAWO9967

## Annexure A

Restated Ind AS Summary Statements does not contain any qualifications requiring adjustments. However, our report dated June 18, 2021 includes emphasis of matter on impact of COVID - 19 on operations of the Company. Also, qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in term of Sub Section (11) of the section 143 of the Act, which do not require any corrective adjustments in the Restated Summary Financial Statement, are as follows:

### As at and for the year ended March 31, 2021

#### a) Emphasis of Matter

We draw your attention to note 42 of the statement, which states the management's estimation of impact of COVID-19 on the financial result of the company for the quarter and year ended on 31st March, 2021.

Our opinion is not modified in respect of this matter.

#### b) Annexure to Auditor's report for the financial year ended March 31, 2021

##### Clause (vii)(a)

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income-tax, profession tax, sales tax, VAT, GST and service tax, and including provident fund, employees' state insurance, duty of customs, duty of excise, cess and any other material statutory dues, as applicable, with the appropriate authorities apart from a few cases of delay in payment of income-tax, GST, duty of customs and provident fund.

##### Clause (vii)(b)

According to the information and explanations given to us and the records of the Company examined by us, there are dues which have been disputed and not paid as outlined below:

Name of Statute	Nature of Dues	Disputed Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	40,64,520	A.Y. 2013-14	The Commissioner of Income-tax (Appeals), Ahmedabad- 2
The Income Tax Act, 1961	Income Tax	2,63,78,290	A.Y. 2015-16	The Commissioner of Income-tax (Appeals), Ahmedabad- 2

The Income Tax Act, 1961	Income Tax	8,73,105	A.Y. 2016-17	The Commissioner of Income-tax (Appeals), Ahmedabad- 2
The Income Tax Act, 1961	Income Tax	1,00,371	A.Y. 2017-18	The Commissioner of Income-tax (Appeals), Ahmedabad- 2
The Gujarat Value Added Tax Act, 2003	Value Added Tax	12,58,207	F.Y. 2010-11	Dy. Commissioner of Commercial Tax Appeal, Commercial Tax Office Baroda
The Gujarat Value Added Tax Act, 2003	Value Added Tax	1,10,88,801	F.Y. 2011-12	Dy. Commissioner of Commercial Tax Appeal, Commercial Tax Office Baroda



**EXXARO TILES LIMITED**  
(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)  
**Restated Statement of Assets and Liabilities**

(Rs. In millions)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>I. ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Plant, Property and Equipments	3	1,594.12	1,718.88	1,846.99
(b) Intangible Assets	3	-	-	0.50
(c) Financial Assets				
(i) Non-Current Investments	4	13.68	13.68	-
(ii) Other Non-Current Financial Assets	5	12.37	13.29	13.76
<b>Total Non-Current Assets</b>		<b>1,620.17</b>	<b>1,745.85</b>	<b>1,861.25</b>
<b>Current Assets</b>				
(a) Inventories	6	1,043.36	1,054.51	794.76
(b) Financial Assets				
(i) Trade Receivable	7	900.82	963.57	833.62
(ii) Cash and Cash Equivalents	8	21.80	5.28	14.95
(iii) Bank Balances Other Than (ii) Above	9	31.32	30.12	29.98
(iv) Loans	10	0.51	0.51	0.43
(v) Other Financial Assets	11	1.54	0.20	-
(c) Other Current Assets	12	73.62	70.50	47.57
<b>Total Current Assets</b>		<b>2,072.97</b>	<b>2,124.69</b>	<b>1,721.30</b>
<b>TOTAL ASSETS</b>		<b>3,693.14</b>	<b>3,870.55</b>	<b>3,582.55</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	13	335.55	335.55	335.55
b) Other Equity	14	1,024.83	871.84	759.03
<b>Total Equity</b>		<b>1,360.38</b>	<b>1,207.39</b>	<b>1,094.58</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowings	15	699.16	863.82	880.46
(ii) Other Financial liabilities	16	4.21	6.96	20.05
b) Deferred Tax Liabilities (Net)	17	29.97	43.14	56.56
c) Long Term Provisions	18	10.50	8.96	6.92
<b>Total non Current Liabilities</b>		<b>743.83</b>	<b>922.88</b>	<b>963.99</b>
<b>Current Liabilities</b>				
a) Financial Liabilities				
(i) Borrowings	19	734.75	757.16	554.17
(ii) Trade Payables	20	508.73	697.20	575.88
(iii) Other Financial Liabilities	21	228.14	196.78	257.31
b) Other Current Liabilities	22	54.76	60.45	90.72
c) Short Term Provisions	23	32.91	2.50	22.22
d) Current Tax Liabilities (Net)	24	29.65	26.19	23.69
<b>Total Current Liabilities</b>		<b>1,588.93</b>	<b>1,740.28</b>	<b>1,523.98</b>
<b>Total Liabilities</b>		<b>2,332.76</b>	<b>2,663.16</b>	<b>2,487.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,693.14</b>	<b>3,870.55</b>	<b>3,582.55</b>

The above statement shall be read in conjunction with accompanying notes

**As per our Report of even date**

**For and on behalf of the Board of Directors,**

**For H B Kalaria & Associates**

**Chartered Accountants**

**FRN : 104571W**

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholetime Director  
DIN: 01918094

**Hasmukh B Kalaria**

**Partner**

**Membership No.: 042002**

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

**EXXARO TILES LIMITED**  
(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")  
**Restated Statement of Profit and Loss**

(Rs. In millions)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
I. Revenue from Operations	25	2,551.45	2,407.42	2,422.51
II. Other Income	26	47.08	32.22	17.56
<b>III. Total Revenue (I + II)</b>		<b>2,598.53</b>	<b>2,439.64</b>	<b>2,440.06</b>
<b>IV. Expenses:</b>				
Cost of Materials Consumed	27	779.96	949.45	836.54
Purchases of Stock-in-Trade	28	76.81	70.05	44.12
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	(12.68)	(306.46)	70.26
Employee Benefits Expense	30	192.55	265.24	291.05
Finance Costs	31	212.60	197.18	178.28
Depreciation and Amortization Expense	3	136.34	142.97	140.81
Other Expenses	32	1,041.36	999.53	802.24
<b>Total Expenses</b>		<b>2,426.93</b>	<b>2,317.96</b>	<b>2,363.31</b>
<b>V. Profit before exceptional items and tax (III-IV)</b>		<b>171.61</b>	<b>121.69</b>	<b>76.76</b>
VI. Exceptional income/(expenses)-Net		-	-	-
<b>VII. Profit before tax (V + VI)</b>		<b>171.61</b>	<b>121.69</b>	<b>76.76</b>
<b>VIII. Tax expense:</b>	33			
(1) Current tax		30.72	22.50	20.00
(2) MAT credit availed / (entitlement)		(11.13)	(18.08)	(17.92)
(3) Deferred tax liability/(assets)		(2.30)	4.58	(14.50)
(4) Prior Period Tax		2.08	0.10	0.00
<b>IX. Profit for the year from continuing operations (VII-VIII)</b>		<b>152.23</b>	<b>112.59</b>	<b>89.17</b>
<b>X. Other Comprehensive Income/(Expense) (OCI) net of tax expense</b>				
(1) Items that will not be reclassified to Profit and Loss Account		1.03	0.29	0.76
Less: Income Tax impact on above		0.27	0.08	0.20
(2) Items that will be reclassified to Profit and Loss Account		-	-	-
Less: Income Tax impact on above		-	-	-
<b>XI. Total Other Comprehensive Income/(Expenses) (OCI) net of tax expense</b>		<b>0.76</b>	<b>0.22</b>	<b>0.56</b>
<b>XII. Total Comprehensive Income (IX + XI)</b>		<b>152.99</b>	<b>112.80</b>	<b>89.73</b>
<b>XIII. Earnings per equity share of Rs. 10 each</b>	34			
(1) Basic		4.54	3.36	2.66
(2) Diluted		4.54	3.36	2.66

The above statement shall be read in conjunction with accompanying notes

As per our Report of even date

For and on behalf of the Board of Directors,

For H B Kalaria & Associates

Chartered Accountants

FRN : 104571W

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholtime Director  
DIN: 01918094

Hasmukh B Kalaria

Partner

Membership No.: 042002

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

**EXXARO TILES LIMITED**  
(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")  
**Restated Statement of Changes in Equity**

(Rs. In millions)

<b>A Equity Share Capital</b>					<b>Amount</b>
<b>Balance as at 31st March 2018</b>					<b>335.55</b>
Change in Equity Share Capital during the year					-
<b>Balance as at 31st March 2019</b>					<b>335.55</b>
Change in Equity Share Capital during the year					-
<b>Balance as at 31st March 2020</b>					<b>335.55</b>
Change in Equity Share Capital during the year					-
<b>Balance as at 31st March 2021</b>					<b>335.55</b>
<b>B Other Equity</b>					
Particulars	Reserves and Surplus				Total
	Securities Premium	Retained Earning	Other Comprehensive Income	Equity Component of Financial Instruments	
<b>Balance as at 1st April 2018</b>	<b>342.74</b>	<b>247.79</b>	<b>-</b>	<b>78.52</b>	<b>669.04</b>
Profit for the year	-	89.17	-	-	89.17
Other Comprehensive Income	-	-	0.56	-	0.56
<b>Total Comprehensive Income for the year</b>	<b>342.74</b>	<b>336.96</b>	<b>0.56</b>	<b>78.52</b>	<b>758.78</b>
Others	-	0.25	-	-	0.25
<b>Balance as at 31st March 2019</b>	<b>342.74</b>	<b>337.22</b>	<b>0.56</b>	<b>78.52</b>	<b>759.03</b>
Particulars	Reserves and Surplus				Total
	Securities Premium	Retained Earning	Other Comprehensive Income	Equity Component of Financial Instruments	
<b>Balance as at 1st April 2019</b>	<b>342.74</b>	<b>337.22</b>	<b>0.56</b>	<b>78.52</b>	<b>759.03</b>
Profit for the year	-	112.59	-	-	112.59
Other Comprehensive Income	-	-	0.22	-	0.22
<b>Total Comprehensive Income for the year</b>	<b>342.74</b>	<b>449.80</b>	<b>0.78</b>	<b>78.52</b>	<b>871.84</b>
<b>Balance as at 31st March 2020</b>	<b>342.74</b>	<b>449.80</b>	<b>0.78</b>	<b>78.52</b>	<b>871.84</b>
Particulars	Reserves and Surplus				Total
	Securities Premium	Retained Earning	Other Comprehensive Income	Equity Component of Financial Instruments	
<b>Balance as at 1st April 2020</b>	<b>342.74</b>	<b>449.80</b>	<b>0.78</b>	<b>78.52</b>	<b>871.84</b>
Profit for the year	-	152.23	-	-	152.23
Other Comprehensive Income	-	-	0.76	-	0.76
<b>Total Comprehensive Income for the year</b>	<b>342.74</b>	<b>602.04</b>	<b>1.54</b>	<b>78.52</b>	<b>1,024.83</b>
<b>Balance as at 31st March 2021</b>	<b>342.74</b>	<b>602.04</b>	<b>1.54</b>	<b>78.52</b>	<b>1,024.83</b>

The above statement shall be read in conjunction with accompanying notes

**As per our Report of even date**

**For and on behalf of the Board of Directors,**

**For H B Kalaria & Associates**  
**Chartered Accountants**  
**FRN : 104571W**

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholetime Director  
DIN: 01918094

**Hasmukh B Kalaria**  
**Partner**  
**Membership No.: 042002**

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

**EXXARO TILES LIMITED**  
(Formerly known as "Exxaro Tiles Private Limited" and "RICASIL Ceramic Industries Pvt. Ltd.")  
**Restated Statement of Cash Flows**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash Flow from Operating Activity</b>			
Net Profit Before Tax	171.61	121.69	76.76
Adjustments For:			
Depreciation	136.34	142.97	140.81
Interest & Financial Expenses	212.60	197.18	178.28
(Profit)/Loss on sale of Fixed Asset	0.59	-	-
Bad Debts written off	1.32	-	3.60
Other Excess Provisions Written Back	-	-	-
Interest Received on Deposits	(3.43)	(3.09)	(2.98)
Provision for Debtors	5.59	4.24	5.63
Operating profit before Working Capital Changes	524.61	463.00	402.09
Adjustment For:			
Inventories	11.15	(259.75)	99.70
Trade Receivables	55.84	(134.19)	(152.63)
Other Non-Current Financial Assets	0.92	0.47	(0.98)
Financial Assets- Loans	(0.00)	(0.08)	0.59
Short-term loans and advances	(0.15)	(23.13)	(15.69)
Trade Payables	(188.47)	121.32	55.92
Short-term Provisions	30.41	(19.72)	(19.81)
Other Non-current Financial Liabilities	(2.76)	(13.09)	(4.14)
Long-term Provisions	2.56	2.34	2.42
Other Current Liabilities	(5.69)	(30.27)	16.89
Other Current Financial Liabilities	(21.20)	(29.72)	35.04
Taxes Paid	(29.35)	(20.10)	(8.56)
<b>Cash Generated from Operations</b>	<b>377.86</b>	<b>57.07</b>	<b>410.84</b>
<b>B. Cash Flow from Investment Activities</b>			
Changes in Creditors for Fixed Assets	(2.87)	0.59	(63.69)
Purchase of Property, Plant and Equipments	(13.42)	(14.37)	(30.30)
Purchase of Intangible assets	1.26	-	-
Proceeds from sale of PPE	-	-	1.30
Bank Balances not considered as Cash Equivalent	(1.20)	(0.14)	36.47
Change in Short-term loans and advances - Capital Advance	(2.97)	0.21	1.06
Purchase of Investment	0.00	(13.68)	-
Interest Received	2.09	2.89	2.98
<b>Net Cash Flow from Investment Activities</b>	<b>(17.11)</b>	<b>(24.50)</b>	<b>(52.19)</b>
<b>C. Cash Flow from Financial Activities:</b>			
Changes in Long Term Borrowings (Net)	(109.22)	(48.04)	(256.83)
Changes in Short Term Borrowings (Net)	(22.41)	202.99	53.25
Interest & Financial Expenses	(212.60)	(197.18)	(178.28)
<b>Net Cash Flow from Financial Activities</b>	<b>(344.23)</b>	<b>(42.23)</b>	<b>(381.86)</b>
<b>Total of Cash Flow (A+B+C)</b>	<b>16.52</b>	<b>(9.66)</b>	<b>(23.21)</b>
<b>Cash &amp; Cash Equivalent at the beginning of the year</b>	<b>5.28</b>	<b>14.95</b>	<b>38.16</b>
<b>Cash &amp; Cash Equivalent at the ending of the year</b>	<b>21.80</b>	<b>5.28</b>	<b>14.95</b>
<b>Cash &amp; Cash Equivalent comprising of</b>			
Cash on Hand	0.65	1.00	0.28
Balances with Scheduled Banks	21.15	4.28	14.67
	<b>21.80</b>	<b>5.28</b>	<b>14.95</b>

**Note:** 1. The above statement shall be read in conjunction with accompanying notes  
2. Previous year's figures have been regrouped wherever necessary to confirm this year's classification.

**As per our Report of even date**

**For H B Kalaria & Associates**

**Chartered Accountants**

**FRN : 104571W**

**For and on behalf of the Board of Directors,**

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholetime Director  
DIN: 01918094

**Hasmukh B Kalaria**

**Partner**

**Membership No.: 042002**

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

Rajkot, July 8, 2021

Talod (Sabarkantha), July 8, 2021

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Background**

Exxaro Tiles Limited ('the Company') incorporated in India is a manufacturer and trader of vitrified tiles. The Company has its wide network of operations in local as well foreign market.

**2. Significant Accounting Policies followed by the Company**

**A. Basis of preparation**

**(i) Compliance with Ind AS**

The Restated Financial Information of the Company comprises the Restated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and 2019, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flows for the periods ended March 31, 2021, March 31, 2020 and 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the “Restated Financial Information”), as approved by the Board of Directors of the Company at their meeting for the purpose of inclusion in the Red Herring Prospectus (“RHP”) prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”) prepared in terms of the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”);
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”)
- c) The Guidance Note on Report in company prospectus (Revised 2019) issued by the ICAI (referred to as the Guidance Note).

The Restated Financial Information have been prepared so as to contain information/disclosures and incorporating adjustments as per Note 41 to the information compiled by the management from the Ind AS financial statements of the Company as at and for the periods ended March 31, 2021, March 31, 2020 and 2019, prepared in accordance with the Indian Accounting Standards(referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies(Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on July 18, 2021, November 1, 2020 and September 5, 2019 respectively and this Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors.

**(ii) Historical cost convention**

The Restated Ind AS financial statements have been prepared on an accrual basis under historical cost convention basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans - plan assets measured at fair value;

**(iii) Current non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

**(iv) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**B. Use of estimates and judgments**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**C. Segment reporting:**

Geographical segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**D. Foreign currency translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the Company operates) and items included in the financial statements of the Company are measured using that functional currency.

**(ii) Transactions and balances**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency of the entity at the rates prevailing on the reporting date. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

**E. Revenue recognition**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts, loyalty discount; indirect taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

**Sale of goods**

Sales are recognised when substantial risk and rewards of ownership are transferred to customer. In case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, generally sales take place when goods are shipped onboard based on bills of lading.

**Other operating revenue**

Interest on investments and deposits is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

Revenue in respect of other types of income is recognised when no significant uncertainty exists regarding realisation of such income.

**F. Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**G. Impairment of non-financial assets**

Property, plant and equipments (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**H. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**I. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment, if any.

**J. Inventories**

Inventories of raw Materials, work-in-progress, stores and spares, finished goods and stock-in-trade are stated at cost or net realisable value, whichever is lower. Goods-in-transit are stated 'at cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. A cost formula used is 'First-in-First-out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

**K. Investments and other financial assets**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- (1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.



**Debt instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

- (1) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.
- (2) **Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

**Equity instruments:**

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

**(iii) Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(iv) Income recognition**

**Interest income**

Interest income from debt instruments is recognised using the effective interest rate method.

**Dividends**

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

**L. Property, plant and equipment**

Property, plant and equipment are measured at cost/deemed cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated attributable costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

**Transition to Ind AS**

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2019 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

**Depreciation methods, estimated useful lives and residual value**

Depreciation on property, plant and equipments is provided on Straight Line Basis Method, over the estimated useful lives of assets. The Company depreciates its Property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believe that useful life of assets are same as those prescribed in Schedule II to the Act,

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

In case of pre-owned assets, the useful life is estimated on a case to case basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

**M. Investment properties**

Investment property is property (land or a building or part of a building or both) held either to earn rental income or for capital appreciation or for both, but neither for sale in the ordinary course of business nor used in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in Statement of Profit and Loss.

**N. Intangible assets**

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

**Computer software**

Computer software is stated at cost, less accumulated amortisation and impairments, if any.

**Amortisation method and useful life**

The Company amortizes computer software using the straight-line method over the period of 3 years.

**Transition to Ind AS**

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2019 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

**O. Borrowings**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

**P. Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.. Other interest and borrowing costs are charged to Statement of Profit and Loss.

**Q. Provisions and contingent liabilities**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Contingent liabilities and capital commitments disclosed are in respect of items which in each case are above the threshold limit.

**R. Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined Contribution Plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

**S. Earnings Per Share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**(ii) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements**
**Note: 3 Property, Plant & Equipments**

(Rs. In millions)

Fixed Assets	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount	
	Opening as at 1st April 2020	Additions	Adjustment/ Deduction	As at 31st March 2021	Opening as at 1st April 2020	For the year	Adjustment/ Deduction	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
<b>(A) Tangible Assets</b>										
Land	77.39	-	-	77.39	-	-	-	-	77.39	77.39
Buildings	338.66	2.45	-	341.11	52.72	10.49	-	63.20	277.91	285.94
Plant and Equipment	1,864.28	10.32	-	1,874.60	538.35	119.52	-	657.86	1,216.73	1,325.93
Furniture and Fixtures	16.56	0.65	-	17.20	5.71	1.60	-	7.31	9.89	10.84
Vehicles	31.92	-	3.05	28.87	15.40	3.77	1.20	17.97	10.90	16.52
Computer	8.01	0.01	-	8.03	6.77	0.61	-	7.38	0.65	1.24
Office Equipments	5.03	-	-	5.03	4.01	0.36	-	4.37	0.66	1.02
<b>Sub Total :</b>	2,341.85	13.42	3.051	2,352.22	622.96	136.34	1.202	758.10	1,594.12	1,718.88
<b>(B) Intangible Assets</b>										
Computer Software	2.49	-	-	2.49	2.49	-	-	2.49	-	-
<b>Sub Total :</b>	2.49	-	-	2.49	2.49	-	-	2.49	-	-
<b>Total :</b>	<b>2,344.34</b>	<b>13.42</b>	<b>3.05</b>	<b>2,354.71</b>	<b>625.46</b>	<b>136.34</b>	<b>1.20</b>	<b>760.60</b>	<b>1,594.12</b>	<b>1,718.88</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements**
**Note: 3A Property, Plant & Equipments**

(Rs. In millions)

Fixed Assets	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount	
	Opening as at 1st April 2019	Additions	Adjustment/ Deduction	As at 31st March 2020	Opening as at 1st April 2019	For the year	Adjustment/ Deduction	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
<b>(A) Tangible Assets</b>										
Land	77.39	-	-	77.39	-	-	-	-	77.39	77.39
Buildings	338.04	0.62	-	338.66	42.26	10.46	-	52.72	285.94	295.78
Plant and Equipment	1,851.48	12.80	-	1,864.28	414.53	123.82	-	538.35	1,325.93	1,436.95
Furniture and Fixtures	16.24	0.32	-	16.56	4.00	1.72	-	5.71	10.84	12.25
Vehicles	31.92	-	-	31.92	10.52	4.88	-	15.40	16.52	21.40
Computer	7.84	0.17	-	8.01	6.06	0.71	-	6.77	1.24	1.78
Office Equipments	4.57	0.46	-	5.03	3.13	0.88	-	4.01	1.02	1.44
<b>Sub Total :</b>	2,327.48	14.37	-	2,341.85	480.49	142.47	-	622.96	1,718.88	1,846.99
<b>(B) Intangible Assets</b>										
Computer Software	2.49	-	-	2.49	2.00	0.50	-	2.49	-	0.50
<b>Sub Total :</b>	2.49	-	-	2.49	2.00	0.50	-	2.49	-	0.50
<b>Total :</b>	<b>2,329.97</b>	<b>14.37</b>	<b>-</b>	<b>2,344.34</b>	<b>482.49</b>	<b>142.97</b>	<b>-</b>	<b>625.46</b>	<b>1,718.88</b>	<b>1,847.49</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Note: 3A Property, Plant & Equipments**

(Rs. In millions)

Fixed Assets	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount	
	Opening as at 1st April 2018	Additions	Adjustment/ Deduction	As at 31st March 2019	Opening as at 1st April 2018	For the year	Adjustment/ Deduction	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
<b>(A) Tangible Assets</b>										
Land	77.39	-	-	77.39	-	-	-	-	77.39	77.39
Buildings	333.52	4.52	-	338.04	31.21	11.05	-	42.26	295.78	302.31
Plant and Equipment	1,830.97	21.81	1.30	1,851.48	293.93	120.60	-	414.53	1,436.95	1,537.04
Furniture and Fixtures	15.75	0.49	-	16.24	2.47	1.53	-	4.00	12.25	13.29
Vehicles	29.38	2.53	-	31.92	6.84	3.68	-	10.52	21.40	22.55
Computer	7.05	0.79	-	7.84	3.75	2.31	-	6.06	1.78	3.30
Office Equipments	4.41	0.16	-	4.57	2.28	0.85	-	3.13	1.44	2.13
<b>Sub Total :</b>	<b>2,298.48</b>	<b>30.30</b>	<b>1.30</b>	<b>2,327.48</b>	<b>340.47</b>	<b>140.02</b>	<b>-</b>	<b>480.49</b>	<b>1846.99</b>	<b>1,958.01</b>
<b>(B) Intangible Assets</b>										
Computer Software	2.49	-	-	2.49	1.21	0.79	-	2.00	0.50	1.29
<b>Sub Total :</b>	<b>2.49</b>	<b>-</b>	<b>-</b>	<b>2.49</b>	<b>1.21</b>	<b>0.79</b>	<b>-</b>	<b>2.00</b>	<b>0.50</b>	<b>1.29</b>
<b>Total :</b>	<b>2,300.97</b>	<b>30.30</b>	<b>1.30</b>	<b>2,329.97</b>	<b>341.67</b>	<b>140.81</b>	<b>-</b>	<b>482.49</b>	<b>1,847.49</b>	<b>1,959.30</b>



**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Note: 4 Non Current Investments**

(Rs. In millions)

Particulars	As at 31st March, 2021		As at 31st March, 2020		As at 31st March, 2019	
	nos of units	Amount	nos of units	Amount	nos of units	Amount
<b>Investment in Debt Instruments:</b> (In fully paid value) <b>Quoted:</b> <b>At Cost</b> Edelweiss Finance & Investment Ltd.of Rs.1000 each	13,680	13.68	13,680	13.68	-	-
<b>Total</b>	<b>13,680</b>	<b>13.68</b>	<b>13,680</b>	<b>13.68</b>	<b>-</b>	<b>-</b>
Aggregate Market Value of quoted investments		15.09		13.00		

**Note: 5 Other Non-Current Financial Assets**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good)			
Security Deposits	8.65	9.57	10.04
Bank Fixed Deposit (having maturity period more than 12 months)	3.72	3.72	3.72
<b>Total</b>	<b>12.37</b>	<b>13.29</b>	<b>13.76</b>

**Note: 6 Inventories**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	108.73	151.33	178.52
Work-in-Progress	165.59	162.75	150.31
Finished Goods	711.90	702.01	407.94
Goods-in Transit	-	0.04	0.09
	<b>711.90</b>	<b>702.06</b>	<b>408.03</b>
Stores and Spares	51.67	28.11	36.07
Fuel	5.47	10.27	21.81
Branding	-	-	0.02
<b>Total</b>	<b>1,043.36</b>	<b>1,054.51</b>	<b>794.76</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Note: 7 Trade Receivables**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Trade receivables outstanding for a period exceeding six months from the date they are due for payment			
Unsecured, considered good	117.66	73.53	89.17
Trade Receivables which have significant increase in credit risk	38.12	35.09	15.42
Less: Expected Credit Loss	23.91	18.32	14.08
<b>Sub total</b>	<b>131.87</b>	<b>90.30</b>	90.51
Trade receivables outstanding for a period less than six months from the date they are due for payment			
Unsecured, considered good	768.95	873.27	743.11
<b>Total</b>	<b>900.82</b>	<b>963.57</b>	<b>833.62</b>

\* There are no related party debtors from whom amount due more than 6 Months.

**Note: 8 Cash and Cash Equivalents**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Bank Balances:-</b>			
In Current Account	21.15	4.28	14.67
	21.15	4.28	14.67
Cash on hand	0.65	1.00	0.28
<b>Total</b>	<b>21.80</b>	<b>5.28</b>	<b>14.95</b>

**Note: 9 Other Bank Balances**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Bank Balances:-</b>			
<b>Earmarked Balances with Banks</b>			
Others	0.65	0.25	0.14
<b>Fixed Deposit Account (having maturity period within 12 months)</b>	<b>30.67</b>	<b>29.87</b>	29.84
<b>Total</b>	<b>31.32</b>	<b>30.12</b>	<b>29.98</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Note: 10 Loans -Current (Unsecured and Consided Good)**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Loans to Others	0.29	0.29	0.09
Loans to Employees	0.22	0.22	0.34
<b>Total</b>	<b>0.51</b>	<b>0.51</b>	<b>0.43</b>

**Note: 11 Other Financial Assets-Current**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Interest and Dividend Receivables on Investments	1.54	0.20	-
<b>Total</b>	<b>1.54</b>	<b>0.20</b>	<b>-</b>

**Note: 12 Other Current Assets**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Statutory Receivable (net)	42.41	41.66	28.74
Advances to Suppliers	17.47	21.14	11.20
Capital Advances	7.83	4.85	5.06
Advances Recoverable in Cash or in Kind	0.92	0.84	-
Prepaid Expenses	4.99	2.01	2.58
<b>Total</b>	<b>73.62</b>	<b>70.50</b>	<b>47.57</b>

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note:13 Equity Share Capital**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b>			
5,00,00,000 (Previous years 3,50,00,000) Equity Shares of Rs. 10/- each.	500.00	350.00	350.00
	500.00	350.00	350.00
<b>Issued, Subscribed &amp; Paid up</b>			
3,35,55,070 Equity Shares of Rs. 10/- each, fully	335.55	335.55	335.55
<b>Total</b>	<b>335.55</b>	<b>335.55</b>	<b>335.55</b>

**13.1 The reconciliation of the number of shares outstanding at the beginning and at the end of the year:-**

Particulars	No. of Shares	As at 31st March, 2021	No. of Shares	As at 31st March, 2020	No. of Shares	As at 31st March, 2019
	(In Nos.)	( In millions)	(In Nos.)	( In millions)	(In Nos.)	( In millions)
Shares outstanding at beginning of the year	33,555,070	335.55	33,555,070	335.55	33,555,070	335.55
<b>Total</b>	<b>33,555,070</b>	<b>335.55</b>	<b>33,555,070</b>	<b>335.55</b>	<b>33,555,070</b>	<b>335.55</b>
Add: Issue of shares	-	-	-	-	-	-
<b>Shares outstanding at end of the year</b>	<b>33,555,070</b>	<b>335.55</b>	<b>33,555,070</b>	<b>335.55</b>	<b>33,555,070</b>	<b>335.55</b>

**13.2 The details of Equity Shareholders holding more than 5% shares:**

Name of the Shareholder	As at 31st March, 2021		As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mukeshbhai Babubhai Patel	3,135,988	9.35%	3,135,988	9.35%	2,486,066	7.41%
Kiranbhai Bhikhalal Patel	4,702,064	14.01%	4,702,064	14.01%	1,835,447	5.47%
Dineshbhai Ramanbhai Patel	7,553,307	22.51%	7,553,307	22.51%	2,066,872	6.16%
Dixitkumar Kacharabhai Patel	4,578,916	13.65%	4,578,916	13.65%	2,856,716	8.51%
Rameshbhai Shivabhai Patel	3,127,646	9.32%	3,127,646	9.32%	1,797,817	5.36%
Jigarbhai Bikhabhai Patel	-	0.00%	-	0.00%	2,085,673	6.22%
Hitendrabhai Kacharabhai Patel	1,763,007	5.25%	1,763,007	5.25%	1,427,711	4.25%

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note: 14 Other Equity**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Reserves and Surplus</b>			
<b>a. Securities Premium</b>			
Opening Balance	342.74	342.74	342.74
(+) Current Year Transfer	-	-	-
(-) Transfer to other Reserves	-	-	-
Balance as at year end	342.74	342.74	342.74
<b>b. Retained Earnings</b>			
Opening balance	449.80	337.22	247.79
(+) Net Profit for year	152.23	112.59	89.17
(+) Others	-	-	0.25
Balance as at year end	602.04	449.80	337.22
<b>C. Other Comprehensive Income</b>			
Opening balance	0.78	0.56	-
(+) Changes during the year	0.76	0.22	0.56
Balance as at year end	1.54	0.78	0.56
<b>D. Equity Component of Financial Instruments</b>			
Opening balance	78.52	78.52	78.52
(+) Changes during the year	-	-	-
Balance as at year end	78.52	78.52	78.52
<b>Total</b>	<b>1,024.83</b>	<b>871.84</b>	<b>759.03</b>

**Note: 15 Borrowings-Non Current**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>			
Term loans from banks	389.92	478.65	552.44
Term loans from others	133.13	168.97	-
Vehicle loan from banks	0.32	3.80	7.02
<b>Unsecured</b>			
Preference shares	34.70	32.35	30.15
Loans from banks	-	1.00	2.07
Loans from other than banks	0.74	6.38	85.68
Loans from intercorporate bodies	19.51	30.30	51.09
Loans from directors	18.02	23.49	28.55
Loans from relatives & shareholders	102.82	118.88	123.45
<b>Total</b>	<b>699.16</b>	<b>863.82</b>	<b>880.46</b>

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****15.1 Terms of Repayment of Loans:**

Particulars(Name of financier)	Nature of Security	Terms of Repayment	Rate of Interest
0% Reedemable Non-convertible Preference shares*	Unsecured	To be repaid within 20 years of issuance at a price and date of redemption to be determined by the Board of Directors	0.00%
Term Loans from Banks (State Bank of India, Bank of Baroda)	EM and Hypothecation over all fixed asset of the company	Repayable in 26 Quarterly Installments	12.65%
Term Loans from Others (ECL Finance Ltd.)	Secured by pari passu charge on industrial property of Company, residential property of promoters and personal guarantee of promoters	Repayable in 60 Monthly Installments	14.00%
Vehicle Loan from Banks (ICICI Bank)	Hypothecation of the respective vehicle	Repayable in 36 to 60 Monthly Installments	Ranging from 8.35% to 12.04%
Loans from Banks and Others (HDFC Bank, Capital First Ltd., MAS Financials Ltd., IVL Finance Ltd.)	Unsecured	Repayable in 36 Monthly Installments	Ranging from 18.00% to 18.50%
Loans from Intercompany Bodies	Unsecured	No Repayment term has been specified	0.00%
Loans from Directors, Relatives & Shareholders#	Unsecured	No Repayment term has been specified	0.00%

\*Effective interest rate for preference shares ranges from 7.13% to 7.55%.

# The unsecured loans have been raised in stipulation by the banks against their credit facilities.

**15.2 Details of Preference Shares:**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised</b> 60,00,000 Preference Shares of Rs. 10/- each.	60.00	60.00	60.00
<b>Issued, Subscribed &amp; Paid up</b> 28,12,529 Preference Shares of Rs.10/- each,fully	28.13	28.13	28.13

**15.3 The details of Preference Shareholders holding more than 5% shares:**

Name of the Shareholder	As at 31st March, 2021 , 31st March,2020 and 31st March, 2019	
	No. of Shares held	% of Holding
Mukeshkumar Babubhai Patel	170,516	6.06%
Kiranbhai Bhikhalal Patel	153,465	5.46%
Rameshbhai Shivabhai Patel	170,517	6.06%
Dixitkumar Kacharabhai Patel	246,570	8.77%

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Note: 16 Other Financial Liabilities - Non Current**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Security deposits from dealers	4.21	6.96	20.05
<b>Total</b>	<b>4.21</b>	<b>6.96</b>	<b>20.05</b>

**Note: 17 Deferred Tax Liability (Net)**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liability	162.78	160.71	154.29
Less: Deferred Tax Asset	(11.83)	(7.72)	(5.95)
Net Deferred Tax Liability/(Asset)	150.95	152.99	148.34
Less: MAT Credit	120.98	109.85	91.77
<b>Total</b>	<b>29.97</b>	<b>43.14</b>	<b>56.56</b>

**Note: 18 Long term provisions**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<u>Provision for employee benefits:</u>			
Leave Encashment	0.58	0.44	0.38
Gratuity	9.92	8.53	6.54
<b>Total</b>	<b>10.50</b>	<b>8.96</b>	<b>6.92</b>

**Note: 19 Borrowings- Current**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
<b><u>Secured</u></b>			
Working Capital Loan from bank	534.75	475.64	508.44
Working Capital Loan from other than bank	200.00	202.10	40.03
EPCG Loan	-	79.42	5.69
<b>Total</b>	<b>734.75</b>	<b>757.16</b>	<b>554.17</b>

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****19.1 Terms of Repayment**

Particulars(Name of financier)	Nature of Security	Terms of Repayment	Rate of Interest
Working Capital Loan from bank (State Bank of India, Bank of Baroda)	First and exclusive charge on entire current assets by way of hypothecation of entire raw materials, stock-in-process, stores & spares, packing material, finished goods & book debt of the Company.	Repayable on demand	Ranging from 7.25% to 10.60%
Working Capital Loan from other than bank (ECL Finance Ltd.)	Pari passu charge by way of hypothecation of entire current assets, fixed assets, industrial property of Company, personal property of director and promotor and personal Guarantees of promoters.	Repayable on demand	14.00%

**Note: 20 Trade Payables**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Micro, Small and Medium Enterprises *	-	-	-
Others			
- For Raw material & Packing Material	283.43	375.66	361.49
- For Finished Goods	18.50	31.79	3.35
- For Expenses & Others	206.80	289.74	211.05
<b>Total</b>	<b>508.73</b>	<b>697.20</b>	<b>575.88</b>

**\*Note :** Under the Micro, Small and Medium Enterprises Development Act, 2006 certain disclosure are required to be made for enterprises which are covered under the Act. Since the company is in a process of compiling relevant information from its suppliers about their coverage under the said Act, no disclosures have been made. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

**20.1** The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the co. is as under:

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Principal amount due and remaining unpaid at the year end	-	-	-
Interest due on above and remaining unpaid interest at the year end	-	-	-
Interest paid other than sec 16 beyond the appointed day during the year	-	-	-
Principal amount paid beyond the appointed day during the year	-	-	-
Interest paid under sec 16 beyond appoint day during the year	-	-	-
Interest due and payable for payment already made	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-



**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note: 21 Other Financial Liabilities - Current**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long Term Debts	176.04	120.61	152.01
Capital Creditors	8.92	11.78	11.19
Employee Related Liabilities	43.18	64.38	51.42
Others	-	-	42.68
<b>Total</b>	<b>228.14</b>	<b>196.78</b>	<b>257.31</b>

**21.1** There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2021

**Note: 22 Other Current Liabilities**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Statutory Dues	45.55	46.03	85.55
Advance from Customers	9.21	14.43	5.17
<b>Total</b>	<b>54.76</b>	<b>60.45</b>	<b>90.72</b>

**Note: 23 Short Term Provisions**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Provision for Expenses	29.91	0.11	20.32
<b>Provision for Employee Benefits:</b>			
Leave Encashment	0.28	0.20	0.18
Gratuity	2.72	2.19	1.72
<b>Total</b>	<b>32.91</b>	<b>2.50</b>	<b>22.22</b>

**Note: 24 Current Tax Liabilities (Net)**

(Rs. In millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Provision for Income-tax	29.65	26.19	23.69
<b>Total</b>	<b>29.65</b>	<b>26.19</b>	<b>23.69</b>

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note: 25 Revenue from Operations**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Products			
(a) Domestic Sales	2,187.89	2,063.68	2,251.45
(b) Export Sales	354.24	325.28	161.72
	2,542.13	2,388.95	2,413.18
Other Operating Revenue	9.32	18.47	9.33
<b>Total</b>	<b>2,551.45</b>	<b>2,407.42</b>	<b>2,422.51</b>

**Note: 26 Other Income**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Interest on Financial Assets</b>			
On Bank Fixed Deposits	2.09	2.89	2.98
On Non-Current investments	1.33	0.20	-
On Others#	-	7.72	2.71
<b>Other Gain and Losses</b>			
On Foreign Exchange Gain (net)	-	2.85	1.88
Insurance Claim	10.72	7.46	7.10
Duty Drawback	7.71	5.07	2.71
MEIS Licence Sales Income*	7.41	4.13	-
Rent Income	0.41	0.03	-
Miscellaneous Income^	17.41	1.87	0.18
<b>Total</b>	<b>47.08</b>	<b>32.22</b>	<b>17.56</b>

# Interest is charged at 18% p.a. All the receivables on which interest is charged are older than 6 months and the accounting treatment is in the compliance with Ind AS.

\* The Company has sold MEIS license, because of non utilization of the license against imports and the Company does not have any implication of the same.

^ There is increase in miscellaneous income due to creditors written back, as the Company has made settlements with creditors regarding quality issues, rate differences and other matters.

**Note: 27 Cost of Materials Consumed**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Inventory	151.33	178.52	177.47
Add : Purchase	737.35	922.26	837.60
Less : Closing Inventory	108.73	151.33	178.52
	779.96	949.45	836.54
<b>Total</b>	<b>779.96</b>	<b>949.45</b>	<b>836.54</b>

**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note: 28 Purchase of Stock in Trade**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Stock in Trade	76.81	70.05	44.12

**Note: 29 Changes in inventories of finished goods, work-in-progress and Stock-in-Trade**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Inventories (at close):</b>			
Work -in- Process	165.59	162.75	150.31
Finished Goods	711.90	702.06	408.03
	877.49	864.80	558.34
<b>Inventories (at commencement):</b>			
Work -in- Process	162.75	150.31	81.45
Finished Goods	702.06	408.03	547.14
	864.80	558.34	628.60
<b>Total</b>	<b>(12.68)</b>	<b>(306.46)</b>	<b>70.26</b>

**Note: 30 Employee benefit expenses**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages	182.48	254.57	280.45
Contributions to -			
Provident fund, Superannuation scheme & Other funds	6.15	6.61	5.98
Staff welfare expenses	3.92	4.06	4.63
<b>Total</b>	<b>192.55</b>	<b>265.24</b>	<b>291.05</b>

**30.1 Employee Benefits, the disclosures as defined in the Accounting Standard are given below:****Defined Benefit Gratuity Plan:**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(I) Amount Recognised in Balance Sheet</b>			
Present value of unfunded Obligations	12.64	10.72	8.26
Present value of funded Obligations	-	-	-
Fair Value of plan assets	-	-	-
<b>Net Liability (asset)</b>	<b>12.64</b>	<b>10.72</b>	<b>8.26</b>

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**Notes to the Restated Financial Statements**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(II) Amounts to be recognised in Profit and Loss Account</b>			
<b>Service Cost</b>			
Current Service Cost	2.46	2.26	2.07
Net Interest Cost	0.52	0.50	0.41
Total included in Employees Expenses	2.99	2.75	2.48
Expenses Deducted from the Fund	-	-	-
<b>Total Charged to profit and loss</b>	<b>2.99</b>	<b>2.75</b>	<b>2.48</b>
<b>(III) Other Comprehensive Income for the Period</b>			
Due to Change in Financial Assumption	0.10	0.45	0.10
Due to Experience Adjustments	(1.13)	(0.74)	(0.85)
<b>Amount Recognised in Other Comprehensive Income</b>	<b>(1.03)</b>	<b>(0.29)</b>	<b>(0.76)</b>
<b>(IV) Reconciliation of Defined Benefit Obligation</b>			
Opening Defined Benefit Obligation	10.72	8.26	6.54
Interest cost	0.52	0.50	0.41
Components of actuarial gain/loss on obligation			
Due to Change in Financial Assumption	0.10	0.45	0.10
Due to change in demographic assumption	-	-	-
Due to Experience Adjustments	(1.13)	(0.74)	(0.85)
Current Service Cost	2.46	2.26	2.07
Benefits Paid	(0.04)	-	-
<b>Closing Defined Benefit Obligation</b>	<b>12.64</b>	<b>10.72</b>	<b>8.26</b>
<b>(V) Assumptions:</b>			
Discount Rate (per annum)	5.20%	5.45%	6.75%
Rate of Increase in Salary	7.00%	7.00%	7.00%
Withdrawal Rate	45% at younger age reducing to 10% at elder age	45% at younger age reduced to 10% at elder age	45% at younger age reduced to 10% at elder age

**Note: 31 Finance Cost**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expenses			
On Long Term Loan	131.72	121.75	90.68
On Short Term Loan	61.78	51.87	63.90
On Other Borrowing and/or late payments	7.33	2.35	1.61
On Preference Share Liability	2.35	2.19	2.05
Other Borrowing Costs	9.42	19.01	20.04
<b>Total</b>	<b>212.60</b>	<b>197.18</b>	<b>178.28</b>

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**Notes to the Restated Financial Statements****Note: 32 Other Expenses**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Direct Expenses</b>			
Stores and Spares Consumed	122.53	131.51	83.40
Power and Fuel	749.28	681.02	510.97
Factory and Other Expenses	3.88	3.61	2.70
Repairs to Machinery	8.29	26.83	2.86
<b>Indirect Expenses</b>			
Office Electricity Expense	0.53	1.37	1.63
Rent Expense	13.39	20.49	24.21
Transportation and Distribution Expenses	7.02	3.18	20.47
Office Expense	1.26	2.35	2.52
Repairs to Others	0.02	0.03	0.06
Insurance	8.58	5.36	2.78
Rates and Taxes	5.37	2.76	2.11
Discounts	9.08	4.56	5.65
Telephone and Postage	1.96	2.75	3.11
Printing and Stationery	0.61	0.88	0.79
Donation and Other Subscriptions	0.05	0.06	0.00
Registration and Filing Fees	0.08	0.24	0.98
Legal & Professional Fees	3.31	3.49	5.68
Public Issue Expenses	8.09	-	-
Travelling and Conveyance	12.28	25.95	32.52
Payments to Auditors	0.40	0.12	0.13
Advertisement and Publicity	2.74	11.08	19.00
Training and Recurment Expense	-	-	0.04
Safety and Security Expense	3.36	4.51	5.92
Information Technology Expense	1.63	1.87	1.15
Payment for Technical Services	0.13	0.22	0.01
Warranty and Breakage Expenses	16.95	19.14	32.77
Commission to Selling Agents	4.13	6.08	9.98
CSR Expense	2.62	2.79	2.93
Loading and Unloading Cost	0.11	0.20	1.27
Export Expenses	44.91	31.91	17.03
Foreign Exchange Loss (net)	1.20	-	-
Bad Debts	1.32	-	3.60
Loss on Sale of Asset	0.59	-	-
Provision for Expected credit loss	5.59	4.24	5.63
Miscellaneous Expenses	0.04	0.92	0.37
<b>Total</b>	<b>1,041.36</b>	<b>999.53</b>	<b>802.24</b>

**32.1 Expenditure incurred on corporate social responsibility activities**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Gross amount required to be spent by the company during the year	2.62	2.79	2.93
Amount spent during the year on :			
Construction/ Acquisition of any asset	-	-	-
On purpose other than above*	2.62	2.79	2.93

\* The company has undertaken CSR activity through contribution to foundation in the F.Y. 2018-19, through direct expenditure in social health care sector which includes eradicating hunger, poverty and malnutrition and sanitation as well as activities for promotion of education and making available safe drinking water in F.Y. 2019-20 and contribution to trust for vocational training for reaching to unreached in the F.Y. 2020-21

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**Notes to the Restated Financial Statements****Note: 33 Income Tax**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Net Tax Expenses</b>			
Current tax	30.72	22.50	20.00
Deferred tax liability/(assets)	(2.30)	4.58	(14.50)
Prior Period Tax	2.08	0.10	0.00
	<b>30.50</b>	<b>27.18</b>	<b>5.50</b>
<b>Reconciliation of tax expense and the accounting profit computed by applying the Income tax rate</b>			
Profit/ (loss) before tax	171.61	121.69	76.76
India's statutory income tax rate	29.12%	27.82%	26.00%
<b>Expected income tax expense as per applicable taxes</b>	<b>49.97</b>	<b>33.85</b>	<b>19.96</b>
Non-deductibles expenses	2.32	2.44	2.85
Prior Period Tax	(2.08)	(0.10)	(0.00)
Changes due to brought forward tax losses	4.87	6.20	(12.85)
Difference due to different tax rate	(19.99)	(12.59)	(4.15)
Others	(4.58)	(2.62)	(0.30)
<b>Total</b>	<b>30.50</b>	<b>27.18</b>	<b>5.50</b>

**Note: 34 Earnings Per Share (EPS)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. In millions)	152.23	112.59	89.17
Weighted average number of shares considered for calculating EPS (In Nos.)	33,555,070	33,555,070	33,555,070
Basic Earnings per share (Rs.)	4.54	3.36	2.66
Diluted Earnings per share (Rs.)	4.54	3.36	2.66
Face Value per equity share (Rs.)	10.00	10.00	10.00

**Note: 35 Contingent Liabilities not provided for in respect of**

(Rs. In millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax matters in dispute in respect of Assessment dues before CIT (Appeal).	25.05	26.38	26.38
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2010-11	1.26	1.33	1.33
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2011-12	11.09	11.09	11.09
Sales Tax liability under dispute before Commercial Tax (Appeal) for F.Y. 2013-14	-	-	0.61
Bank Guarantee issued by Bank	97.67	91.82	97.94
Letter of credit issued by Bank	20.51	20.18	20.89
EPCG Obligation	194.36	615.75	946.93

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**Notes to the Restated Financial Statements****Note: 36 Related Party Information as per Ind AS 24****(A) Name of related party and nature of relationship**

<b>Name of related party</b>	<b>Description of relationship</b>
<b>1. Where significant influence exists</b>	
Classic Microtech Pvt. Ltd.#	
<b>2. Key Managerial Personnel</b>	
Kiran Bhikhalal Patel	Whole-time Director
Mukesh Babubhai Patel	Managing Director
Rameshbhai Shivabhai Patel^	Director
Dineshbhai Ramanbhai Patel	Director
Daxesh Manaharlal Thakkar (w.e.f 05/01/2021)	Additional Director
Kamal Dave (w.e.f 05/01/2021)	Additional Director
Nidhi Praveen Gupta (w.e.f 05/01/2021)	Additional Director
Dhaval Rajendrabhai Shah*	CFO
Himanshu Shah (w.e.f 20/05/2021)	CFO
Paras Shah@	Company Secretary
<b>3. Relatives Of Key Managerial Personnel</b>	
Babubhai Punjabhai Patel	
Bhikhabhai Ranchhodhbhai Patel	
Chetanaben Mukeshbhai Patel	
Dharmendrabhai Dineshbhai Patel	
Dimpalben Dineshbhai Patel	
Jashiben Hasmukhbhai Patel	
Jigarbhai Bhikhabhai Patel	
Jignaben Dharmendrabhai Patel	
Kailashben Sureshbhai Patel	
Rakeshbhai Shivabhai Patel	
Ramanbhai Virabhai Patel	
Reviben Ramanbhai Patel	
Rinkuben Kiranbhai Patel	
Savitaben Bhikhabhai Patel	
Shivabhai Ramabhai Patel	
Shushilaben Rameshbhai Patel	
Vasantbhai Ramanbhai Patel	

# Ceased to be related party w.e.f. 14/08/2018

^ Ceased to be director w.e.f. 05/11/2020

@ Appointed on 29/03/2018, Ceased on 27/06/2018, again appointed on 07/02/2019, Ceased on 30/03/2020, again appointed on 05/01/2021

\* Appointed on 29/12/2020, Ceased on 20/05/21

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**Notes to the Restated Financial Statements****Note: 36 Related Party Information as per Ind AS 24****(B) Transactions with related party**

(Rs. In millions)

Name of Related Party	Transaction Amount		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Remuneration to Key Managerial Personnel</b>			
Kiran Bhikhalal Patel	0.60	0.60	0.88
Mukesh Babubhai Patel	0.60	0.60	0.88
Rameshbhai Shivabhai Patel	0.60	0.60	0.88
Dineshbhai Ramanbhai Patel	0.60	0.60	0.88
Paras Shah	0.12	0.61	0.57
Dhaval Rajendrabhai Shah	0.51		
<b>Salary to Relatives of KMP's</b>			
Chetanaben Mukeshbhai Patel	0.60	-	-
Dharmendrabhai Dineshbhai Patel	0.65	0.90	0.88
Dimpalben Dineshbhai Patel	0.60	-	-
Jigarbhai Bhikhabhai Patel	0.60	0.60	0.88
Rakeshbhai Shivabhai Patel	0.65	0.90	0.90
Rinkuben Kiranbhai Patel	0.60	-	-
Shushilaben Rameshbhai Patel	0.60	-	-
Vasantbhai Ramanbhai Patel	-	-	1.18
<b>Rent Paid</b>			
Mukesh Babubhai Patel	0.24	0.24	-
<b>Loan received</b>			
Kiran Bhikhalal Patel	0.27	-	0.20
Mukesh Babubhai Patel	3.87	21.80	2.72
Rameshbhai Shivabhai Patel	0.25	-	-
Dineshbhai Ramanbhai Patel	-	16.50	1.30
Bhikhabhai Ranchhodbhai Patel	-	-	0.20
Babubhai Punjabhai Patel	0.05	-	-



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**Notes to the Restated Financial Statements**

Dharmendrabhai Dineshbhai Patel	-	0.50	-
Dimpalben Dineshbhai Patel	-	0.50	-
Jashiben Hasmukhbhai Patel	1.22	-	-
Kailashben Sureshbhai Patel	-	-	0.50
Savitaben Bhikhabhai Patel	0.02	-	-
Shushilaben Rameshbhai Patel	-	0.25	0.75
Vasantbhai Ramanbhai Patel	-	5.00	0.10
<b>Loan repaid</b>			
Kiran Bhikhalal Patel	-	-	0.25
Mukesh Babubhai Patel	3.87	31.85	12.61
Dineshbhai Ramanbhai Patel	6.00	11.50	0.46
Babubhai Punjabhai Patel	3.00	-	-
Bhikhabhai Ranchhodbhai Patel	0.22	-	1.20
Chetanaben Mukeshbhai Patel	1.31	-	-
Dharmendrabhai Dineshbhai Patel	-	1.00	0.37
Dimpalben Dineshbhai Patel	-	0.50	-
Jashiben Hasmukhbhai Patel	2.43	-	-
Jigarbhai Bhikhabhai Patel	-	-	0.05
Kailashben Sureshbhai Patel	3.14	-	-
Ramanbhai Virabhai Patel	-	-	0.02
Rinkuben Kiranbhai Patel	0.02	-	-
Savitaben Bhikhabhai Patel	0.25	-	-
Shivabhai Ramabhai Patel	0.00	-	-
Shushilaben Rameshbhai Patel	0.25	-	0.85
Vasantbhai Ramanbhai Patel	-	5.00	1.81

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**Notes to the Restated Financial Statements****(C) Outstanding Balances with related party**

Name of Related Party	Transaction Amount		
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Loans from Directors and Relatives</b>			
Kiran Bhikhalal Patel	0.69	0.42	0.42
Mukesh Babubhai Patel	0.06	0.06	10.12
Rameshbhai Shivabhai Patel	8.50	8.25	8.25
Dineshbhai Ramanbhai Patel	8.76	14.76	9.76
Babubhai Punjabhai Patel	6.06	9.01	9.01
Bhikhabhai Ranchhodbhai Patel	-	0.22	0.22
Chetanaben Mukeshbhai Patel	-	1.31	1.31
Dharmendrabhai Dineshbhai Patel	0.07	0.07	0.57
Dimpalben Dineshbhai Patel	0.07	0.07	0.07
Jashiben Hasmukhbhai Patel	-	1.22	1.22
Jigarbhai Bhikhabhai Patel	0.37	0.37	0.37
Jignaben Dharmendrabhai Patel	0.13	0.13	0.13
Kailashben Sureshbhai Patel	-	3.14	3.14
Rakeshbhai Shivabhai Patel	6.63	6.63	6.63
Ramanbhai Virabhai Patel	2.75	2.75	2.75
Reviben Ramanbhai Patel	5.02	5.02	5.02
Rinkuben Kiranbhai Patel	-	0.02	0.02
Savitaben Bhikhabhai Patel	-	0.23	0.23
Shivabhai Ramabhai Patel	-	0.00	0.00
Shushilaben Rameshbhai Patel	-	0.25	0.00
Vasantbhai Ramanbhai Patel	12.52	12.52	12.52

**(D)** There are no provisions for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties

**(E)** Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors

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**Notes to the Restated Financial Statements**

(Rs. In millions)

**Note: 37 Fair Value Measurements****Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

**(A) Financial instruments by category**

31-Mar-21	Carrying amount			Fair value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>[i] Financial assets</b>						
Investment in debt instruments	-	-	13.68	-	-	-
Security deposit	-	-	8.65	-	-	-
Trade receivable	-	-	900.82	-	-	-
Cash and cash equivalents	-	-	21.80	-	-	-
Bank balances other than cash and cash equivalents	-	-	35.04	-	-	-
Loans	-	-	0.51	-	-	-
Other financial assets	-	-	1.54	-	-	-
	-	-	<b>982.05</b>	-	-	-
<b>[ii] Financial liabilities</b>						
Borrowings	-	-	1,433.91	-	-	-
Trade payables	-	-	508.73	-	-	-
Other financial liabilities	-	-	232.34	-	-	-
	-	-	<b>2,174.98</b>	-	-	-

31-Mar-20	Carrying amount			Fair value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>[i] Financial assets</b>						
Investment in debt instruments	-	-	13.68	-	-	-
Security Deposit	-	-	9.57	-	-	-
Trade receivable	-	-	963.57	-	-	-
Cash and cash equivalents	-	-	5.28	-	-	-
Bank Balances Other Than Cash and cash equivalents	-	-	33.84	-	-	-
Loans	-	-	0.51	-	-	-
Other financial assets	-	-	0.20	-	-	-
	-	-	<b>1,026.65</b>	-	-	-
<b>[ii] Financial liabilities</b>						
Borrowings	-	-	1,620.97	-	-	-
Trade payables	-	-	697.20	-	-	-
Other financial liabilities	-	-	203.74	-	-	-
	-	-	<b>2,521.91</b>	-	-	-

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**Notes to the Restated Financial Statements**

(Rs. In millions)

31-Mar-19	Carrying amount			Fair value		
	FVTPL	FVTOCI	Amortised Cost	Level 1	Level 2	Level 3
<b>[i] Financial assets</b>						
Investment in debt instruments	-	-	-	-	-	-
Security Deposit	-	-	10.04	-	-	-
Trade receivable	-	-	833.62	-	-	-
Cash and cash equivalents	-	-	14.95	-	-	-
Bank Balances Other Than Cash and cash equivalents	-	-	33.70	-	-	-
Loans	-	-	0.43	-	-	-
Other financial assets	-	-	-	-	-	-
	-	-	<b>892.74</b>	-	-	-
<b>[ii] Financial liabilities</b>						
Borrowings	-	-	1,434.62	-	-	-
Trade payables	-	-	575.88	-	-	-
Other financial liabilities	-	-	277.36	-	-	-
	-	-	<b>2,287.86</b>	-	-	-

**(B) FAIR VALUE HEIRARCHY**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company has made certain judgements and estimates in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

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To provide an indication about the reliability of the inputs used in determining fair value, the Company as classified the financial instruments into three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Level 1 of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Level 2 hierarchy includes financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on the observable market data, the instrument is included in Level 3 hierarchy.

**(C) VALUATION TECHNIQUES**

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices for mutual funds
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis or such other acceptable valuation methodology, wherever applicable

There are no items in the financial instruments, which required level 3 valuation.

**Note: 38 Capital Management**

The company policy is to have robust financial base so as to maintain outsider's confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividends to equity shareholders. The company monitors capital using a ratio of "adjusted net debt" to "equity". For this purpose, adjusted net debt is defined as total liability, comprising interest-bearing loans and borrowing, less cash and cash equivalents. Total Equity includes the share capital, other equity.

The capital gearing ratio is as follows:

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
Borrowings (Incl. Current Maturity)	1,609.95	1,741.58	1,586.63
Less: Cash and Cash Equivalents	(21.80)	(5.28)	(14.95)
<b>Adjusted Net Debt (A)</b>	<b>1,588.15</b>	<b>1,736.30</b>	<b>1,571.68</b>
Equity Share Capital	335.55	335.55	335.55
Other Equity	1,024.83	871.84	759.03
<b>Total Equity (B)</b>	<b>1,360.38</b>	<b>1,207.39</b>	<b>1,094.58</b>
<b>Adjusted Net Debt to Total Equity ratio (A/B)</b>	<b>1.17</b>	<b>1.44</b>	<b>1.44</b>

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**Notes to the Restated Financial Statements**

(Rs. In millions)

**Note: 39 Financial Risk Management**

The Company's business activities are exposed to a variety of financial risks, viz liquidity risk, market risk and credit risk. The Management of the Company has the overall responsibility for establishing and governing the Company's risk policy framework. The risk management policies are formulated after the identification and analysis of the risks and suitable risk limits and controls are set which are monitored & reviewed periodically. The changes in the market conditions and allied areas are accordingly reflected in the changes of the policy. The key risks and mitigating actions are placed before the Audit Committee of the Company who then evaluate and take the necessary corrective action. The sources of risk, which the Company is exposed to and how the Company manages these risks with their impact on the Financial Statements is given below:

<b>Risk</b>	<b>Exposure from</b>	<b>Measurement</b>	<b>Management</b>
Credit risk	Trade receivables, Cash and cash equivalents	Aging analysis, Credit ratings	Credit limits and bank guarantees
Liquidity risk	Borrowings, Trade payables and other liabilities	Cash flow budgeted Vs actuals	Availability of committed credit lines and borrowing facilities
Market risk - Foreign Currency	Foreign currency receivables and payables; Forecasted foreign currency transactions	Cash flow forecasting and Sensitivity analysis	Insignificant foreign currency exposure
Market risk - Interest rate	Long-term borrowings at variable interest rates	Sensitivity analysis	The management monitors the rates of interests and continues to evaluate refinancing of debts at lower rates of interest on a regular basis.

**[A] Credit risk**

Credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However, the credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.

**Trade receivables**

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Concentration of credit risk with respect to trade receivables are limited, as the Company's customer base is large, reputed and having good credit credential as well as that they are long standing customers. All trade receivables are reviewed and assessed for default on a quarterly basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

**[B] Liquidity risk**

Liquidity risk is the risk the Company faces in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, Management considers both normal and stressed conditions.

**Maturities of financial liabilities**

The below table analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements**

(Rs. In millions)

Particulars	Carrying amount	Upto 1 year	1 - 2 year	More than 2 years	Total
<b>31-Mar-21</b>					
<b>Non-derivatives</b>					
Borrowings (including interest accrued)	1,609.95	910.79	183.48	515.68	1,609.95
Trade payables	508.73	508.73	-	-	508.73
Other financial liabilities	56.30	52.10	-	4.21	56.30
<b>Total</b>	<b>2,174.98</b>	<b>1,471.62</b>	<b>183.48</b>	<b>519.89</b>	<b>2,174.98</b>
<b>31-Mar-20</b>					
<b>Non-derivatives</b>					
Borrowings (including interest accrued)	1,741.58	877.77	176.17	687.64	1,741.58
Trade payables	697.20	697.20	-	-	697.20
Other financial liabilities	83.13	76.17	-	6.96	83.13
<b>Total</b>	<b>2,521.91</b>	<b>1,651.13</b>	<b>176.17</b>	<b>694.61</b>	<b>2,521.91</b>
<b>31-Mar-19</b>					
<b>Non-derivatives</b>					
Borrowings (including interest accrued)	1,586.63	706.17	120.61	759.85	1,586.63
Trade payables	575.88	575.88	-	-	575.88
Other financial liabilities	125.35	105.30	-	20.05	125.35
<b>Total</b>	<b>2,287.86</b>	<b>1,387.35</b>	<b>120.61</b>	<b>779.90</b>	<b>2,287.86</b>

**[C] Market risk**

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Currency risk; and
- Interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments.

**(i) Foreign currency risk**

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible.

**(a) Foreign currency risk exposure**

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
<b>Financial assets</b>			
Trade receivables			
USD	73.81	95.07	31.29
<b>Net exposure to foreign currency risk (assets)</b>	<b>73.81</b>	<b>95.07</b>	<b>31.29</b>
<b>Financial liabilities</b>			
Trade payables			
USD	4.73	5.10	5.10
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>4.73</b>	<b>5.10</b>	<b>5.10</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements**

(Rs. In millions)

**(b) Foreign currency sensitivity analysis**

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. As the Company's exposure to foreign currency is insignificant, the overall exposure of foreign currency risk is not significant to the operations of the Company.

**(ii) Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets /borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

**Interest rate risk exposure**

The exposure of the Company to change in interest rate at end of the reporting periods are as follows:

Particulars	31-Mar-21		31-Mar-20		31-Mar-19	
	Amount	% of total	Amount	% of total	Amount	% of total
Variable rate borrowings	1,575.25	100.00%	1,709.24	100.00%	1,556.48	100.00%
Fixed rate borrowing	-	0.00%	-	0.00%	-	0.00%
	<b>1,575.25</b>		<b>1,709.24</b>		<b>1,556.48</b>	

**Sensitivity**

Profit and loss is sensitive to higher/lower interest expenses from borrowing as a result of change in interest rate.

Particulars	Impact on profit after tax		
	31-Mar-21	31-Mar-20	31-Mar-19
Interest rate increase by 100 basis points	(21.81)	(23.69)	(21.03)
Interest rate decrease by 100 basis points	21.81	23.69	21.03



**EXXARO TILES LIMITED**

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**Notes to the Restated Financial Statements****Note: 40 Segment Information :****(a) Primary segment - Business Segment**

The Company has only one business segment Viz : "Manufacturing and Trading of refractory ceramic products (Vitrified Tiles)".

**(b) Secondary segment - Geographical Segment**

Information of geographical segment:

Particulars	Year	In India (Rs. In millions)	Outside India (Rs. In millions)	Total (Rs. In millions)
Segment Revenue	<b>2020-21</b>	<b>2,187.89</b>	<b>354.24</b>	<b>2,542.13</b>
	<b>2019-20</b>	<b>2,063.68</b>	<b>325.28</b>	<b>2,388.95</b>
	2018-19	2,251.45	161.72	2,413.18
Carrying cost of Assets by location of Assets	<b>2020-21</b>	<b>1,594.12</b>	-	<b>1,594.12</b>
	<b>2019-20</b>	<b>1,718.88</b>	-	<b>1,718.88</b>
	2018-19	1,847.49	-	1,847.49
Additions to Assets and Intangibles	<b>2020-21</b>	<b>13.42</b>	-	<b>13.42</b>
	<b>2019-20</b>	<b>14.37</b>	-	<b>14.37</b>
	2018-19	30.30	-	30.30

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements**

**Note: 41** The reconciliation of net profit reported in accordance with Indian GAAP to total comprehensive Income in accordance with Ind AS is given below

(Rs. In millions)			
Particulars	Year Ended on 31.03.2021	Year Ended on 31.03.2020	Year Ended on 31.03.2019
Net Profit for the period under Previous Indian GAAP	152.99	121.57	81.07
Add: Interest Income on Investment	-	0.20	-
Add: Amortisation on Advertisement Expense added back	-	4.85	4.40
Add/Less: Unwinding finance cost	-	0.65	(0.31)
Less: Reclassification of Preference Share	-	(2.19)	(2.05)
Less: Advertisement Expenses	-	-	-
Less : CSR Expenditure Reclassified	-	(0.82)	-
Less: Allowance for expected credit loss	-	(4.24)	(5.63)
Less: Deferred Tax Asset/ (Liability)	-	(4.58)	14.50
Less : Provision for Employee Benefits	-	(2.84)	(2.57)
Less: Others	-	-	(0.25)
<b>Net Profit for the period under Ind AS</b>	<b>152.99</b>	<b>112.59</b>	<b>89.17</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>
Remeasurements of defined benefit plans	-	0.29	0.76
Deferred Tax effects	-	(0.08)	(0.20)
<b>Total Comprehensive Income under Ind AS</b>	<b>152.99</b>	<b>112.80</b>	<b>89.73</b>

**EXXARO TILES LIMITED**

(Formerly known as “Exxaro Tiles Private Limited” and “RICASIL Ceramic Industries Pvt. Ltd.”)

**Notes to the Restated Financial Statements****Reconciliation of other equity between previous GAAP and Ind AS**

(Rs. In millions)

Particulars	Year Ended on 31.03.2021	Year Ended on 31.03.2020	Year Ended on 31.03.2019
Other Equity under previous GAAP	1,024.83	1,095.76	974.19
Reclassification Adjustment	-	-	(36.19)
Unwinding finance cost	-	0.65	(0.31)
Reclassification of Preference Shares	-	(2.19)	(2.05)
Allowance for expected credit loss	-	(4.24)	(5.63)
Employee Benefits	-	(2.84)	(2.57)
Interest income from investment	-	0.20	-
Amortisation on Advertisement Expense added back	-	4.85	4.40
CSR Expenditure Reclassified	-	(0.82)	-
Deferred tax effect for current year	-	(4.58)	14.50
Other comprehensive Income (including deferred tax thereon)	-	0.22	0.56
Current year adjustments to other Equity	-	(8.76)	(27.27)
Total Adjustments to other Equity	-	(223.92)	(215.16)
<b>Other Equity under Ind AS</b>	<b>1,024.83</b>	<b>871.84</b>	<b>759.03</b>

**Note: 42**

The Company has performed a detailed assessment of its liquidity position and the recoverability of the assets as at the balance sheet date and has concluded that based on current indicators of future economic conditions, the carrying value of the assets will be recovered. Management believes that it has fully considered all the possible impact of known events in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and the consequent impact on its business, if any.

**Note: 43**

Previous year's figures have been regrouped wherever necessary.

**As per our Report of even date**

**For H B Kalaria & Associates**  
**Chartered Accountants**  
**FRN : 104571W**

**Hasmukh B Kalaria**  
**Partner**  
**Membership No.: 042002**  
Rajkot, July 8, 2021

**For and on behalf of the Board of Directors,**

Mukesh Patel  
Managing Director  
DIN: 01944968

Kiran Patel  
Wholetime Director  
DIN: 01918094

Himanshu Shah  
Chief Financial Officer  
PAN: AMDPS6139B  
Talod (Sabarkantha), July 8, 2021

Paras Shah  
Company Secretary  
PAN: GNPPS9855F

## OTHER FINANCIAL INFORMATION

The audited financial statements of our Company as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, together with all the annexures, schedules and notes thereto (“**Financial Statements**”) are available at <https://www.exxarotiles.com/investor/financial-results>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations.

The Audited Financial Statements do not constitute, (i) a part of the Draft Red Herring Prospectus; or (ii) this Red Herring Prospectus (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor BRLM or Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Financial Statements, or the opinions expressed therein.

The details of accounting ratios derived from Restated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below:

(₹ in million)

Particulars	For the Year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Restated Net Worth	1,281.86	1,128.87	1,016.06
Restated Profit after Tax	152.23	112.59	89.17
EBITDA	473.46	429.62	378.29
Revenue from operations	2,551.45	2,407.42	2,422.51
Weighted average no. of equity shares for Basic EPS	33,555,070	33,555,070	33,555,070
Weighted average no. of diluted equity shares for Diluted EPS	33,555,070	33,555,070	33,555,070
Basic Earnings Per Share (EPS)	4.54	3.36	2.66
Diluted Earnings Per Share (EPS)	4.54	3.36	2.66
Return on Net worth (B/A)(%)	11.88%	9.97%	8.78%
Net Assets Value per Share (A/F)	38.20	33.64	30.28
EBITDA Margins	18.56%	17.85%	15.62%

1. The ratios have been computed as below:

Basic earnings per share (INR) =	Restated profit after tax for the year
	Weighted average number of equity shares outstanding during the year
Diluted earnings per share (INR) =	Restated profit after tax for the year
	Weighted average number of diluted equity shares outstanding during the year
Return on net worth (%) =	Restated profit after tax for the year
	Restated Network as at the end of the year
Net asset value per share (INR) =	Restated Network as at the end of the year

	Total Number of equity shares outstanding as at the end of the year
2. Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per Share' prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with the requirement of SEBI ICDR Regulations.	
3. The amounts disclosed above are based on the Restated Financial Statements of the Company.	
4. Networth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Networth of the Company.	
5. Earnings before interest, tax, depreciation, and amortisation (EBITDA) is as per Restated Statement of Profit and Loss of the Company for respective reported years. It does not include other income.	

## RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards, i.e., Ind AS 24 - Related Party Disclosures read with the SEBI ICDR Regulations, for Fiscal 2021, Fiscal 2020, and Fiscal 2019, see "*Restated Financial Statements – Note 36 – Related Party Information as per Ind AS 24*" on page F-37.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2021, on the basis of our Restated Financial Statements:

(₹ in million)		
Particulars	Pre-Offer as at March 31, 2021	As adjusted for the proposed Offer <sup>(3)</sup>
<b>Borrowings</b>		
Current Borrowings (A)	734.75	[•]
Non Current Borrowings (B)	875.20	[•]
<b>Total Borrowings (C)</b>	<b>1,609.95</b>	[•]
<b>Shareholder's Funds</b>		
Equity Share Capital	335.55	[•]
Other Equity*	1,024.83	[•]
<b>Total Equity (D)</b>	<b>1,360.38</b>	[•]
Non Current Borrowings/Total Equity (B/D)	0.64	[•]
Total Borrowings/ Total Equity (C/D)	1.18	[•]

\*Including equity component of financial instruments of ₹ 78.52 million.

### Notes:

1. The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at March 31, 2021.
2. Non-Current Borrowings includes current maturities of long term debt (as shown in Other Current Financial Liabilities).
3. The corresponding post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Restated Financial Statements for the Financial Years 2021, 2020 and 2019, including the notes thereto and reports thereon, each included in this RHP.*

*This Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward looking statements as a result of various factors, including those described below and elsewhere in this Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 17. Also read "Risk Factors" and "- Significant Factors Affecting our Results of Operations and Financial Conditions" on pages 22 and 166, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2019, 2020 and 2021 included herein is derived from the Restated Financial Statements, included in this Red Herring Prospectus. For further information, see "Restated Financial Statements" on page 160.*

*Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless the context otherwise requires, in this section, references to "we", "us", "our", "our Company" or "the Company", refers to Exxaro Tiles Limited.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the Brickworks Report commissioned by us in connection with the Offer.*

### Overview

We are engaged in manufacturing and marketing of vitrified tiles used majorly for flooring solutions. We commenced business as a partnership firm in 2007-08 as a manufacturer of frit, which is one of the raw materials used in manufacturing of tiles and have over the years, diversified, expanded and evolved into a manufacturer for vitrified tiles. Our business operations are broadly divided into two product categories:

- **Double Charge Vitrified Tiles:** Double charge vitrified tiles are tiles that are fed through a press which prints the pattern with a double layer of pigment, 3 to 4 mm thicker than other types of tiles. This process does not permit complex patterns but results in a long-wearing tile surface, suitable for heavy traffic commercial projects.
- **Glazed Vitrified Tiles:** Glazed vitrified tiles are flat slabs manufactured from ceramic materials such as clay, feldspar and quartz and other additives and fired at high temperatures to ensure high strength and low water absorption. These tiles are coated with glaze materials prior to the firing process.

As on date, we supply products mainly in 6 sizes. We have 1000+ designs in our product basket, which are marketed under our brand "Exxaro". We believe that our well-known brand series include Topaz Series, Galaxy Series, High Gloss Series, etc. We focus our research and development efforts on developing products which we believe are innovative and in line with the trends. We believe that some of our key product development highlights include: 1) 3D Effect in Double Charge Vitrified Tiles 2) Replica of Natural Stones in Double Charge Vitrified Tiles 3) High transparent glaze in weight method for glazed vitrified tiles. Further we also supply wall tiles to certain of our dealers wherein we get the products manufactured on outsourced basis. Our integrated model has allowed us to develop insights across the entire value chain right from product design, process development, manufacturing to marketing.

We are distinguished by our large dealer network with whom we have developed long term relationships over the years. As on date of this RHP, we have more than 2,000 registered dealers. We also supply products for large infrastructure related projects. Over our operating history of more than a decade, we have supplied our products for various projects including residential, commercial, educational institutions, hotels, hospitals, government, religious institutions, builders/developers, etc. We believe that our ability to meet stringent quality

and technical specifications, introduce designs to meet evolving customer preferences and state-of-the-art manufacturing facilities, upgrade in-house processes to increase efficiencies have enabled us to establish our brand in ceramic industry.

Domestically, we have PAN India presence (24 states/ union territories based on sales made during Fiscal 2021) and internationally we supply products in over 12 countries including Poland, UAE, Italy, Bosnia etc. For the Fiscals 2021, 2020 and 2019, our revenue from exports contributed 13.88%, 13.51% and 6.68%, respectively of our revenue from operations. Our revenues from exports have grown at a CAGR of 47.92% between Fiscals 2019 and 2021.

We have two state-of-the-art manufacturing facilities which are located at Padra and Talod respectively in Gujarat. We have a combined installed production capacity of 1,32,00,000 sq. mt. p.a. Our Unit II is one of the single largest plants for manufacturing glazed vitrified tiles under one roof in India. [Source: *Brickwork Report*]. Over the years, we have made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. Our capabilities as a Company include internal R&D expertise, state-of-the-art manufacturing capabilities, a strict quality assurance system, modern production designing experience and established marketing and distribution relationships. We also have 6 display centres in 6 cities and 2 marketing offices at Delhi and Morbi to complement our growth strategies.

Our Company is promoted by Mukeshkumar Patel, Dineshbhai Patel, Rameshbhai Patel and Kirankumar Patel. Our Promoters manage and control the major affairs of our business operations with their considerable experience in our Industry. We believe our success is the result of sustained efforts over the years in key aspects of our business, such as product portfolio, process improvements, relationship with our dealers and increased scale of operations.

For the Fiscals 2021, 2020 and 2019, our revenue from operations was ₹ 2,551.45 million, ₹ 2,407.42 million and ₹ 2,422.51 million, respectively, growing at a CAGR of 2.62% between Fiscal 2019 and Fiscal 2021. Our EBITDA for the Fiscals 2021, 2020 and 2019 was ₹ 473.46 million, ₹ 429.62 million and ₹ 378.29 million respectively, growing at a CAGR of 11.86% between Fiscal 2019 and Fiscal 2021, while our profit after tax for the Fiscals 2021, 2020 and 2019 was ₹ 152.23 million, ₹ 112.59 million and ₹ 89.17 million respectively, growing at a CAGR of 30.61% between Fiscal 2019 and Fiscal 2021.

### **Presentation of Financial Information**

Our restated Ind AS summary statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the restated Ind AS summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 together with the summary of significant accounting policies and explanatory information thereon (collectively, the “Restated Financial Statements”), have been derived from our audited financial statements as at and for the year ended March 31, 2021 prepared in accordance with Ind AS 34, and our audited financial statements as at and for the years ended March 31, 2020 and March 31, 2019 prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended.

The audited financial statements as at and for the year ended March 31, 2020 and 2019 were prepared in accordance with Indian GAAP and the same have been converted into Ind AS by our management to align accounting policies, exemptions and disclosures as adopted by our Company for the transition to Ind AS in the context of the preparation of the March 31, 2021 Ind AS audited financial statements.

### **Transition from Indian GAAP to Ind AS Financial Statements**

The financial statements for the financial year ended March 31, 2021, were the first financial statements of our Company that have been prepared in accordance with Ind AS. For periods up to and including the year ended 2019 and 2020 our Company prepared its financial statements in accordance with Indian GAAP. Accordingly, our Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2021. In preparing these financial statements, our Company’s opening balance sheet was prepared as at April 1, 2018, our Company’s date of transition to Ind AS. In preparing the proforma Ind AS financial statements for the year ended 2019 and 2020 our Company has prepared opening balance sheet as at April 1, 2018, being proforma date of transition to Ind AS. For further information, see “Restated Financial Statements” on page 160.



- **Significant Factors Affecting Our Results of Operations**

The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial condition and results of operations:

**Ability to control material costs and other manufacturing expenses such as power & fuel expenses**

We significantly depend on the availability and price of raw materials, such as feldspar, clay, frit, bentonite, used in our manufacturing process. Our costs of materials consumed, purchases of stock-in-trade, changes in inventories of finished goods, work-in-progress and stock-in-trade amounted to Rs. 844.08 million, Rs. 713.04 million and Rs. 950.92 million for the Fiscal 2021, 2020 & 2019 respectively which represented 33.08%, 29.62% and 39.25% of our revenue from operations of such respective years. We do not have any long term agreements with any of our raw material suppliers and we obtain such raw material by placing purchase orders with our suppliers from time to time, which may affect costs and availability of the raw materials required. The availability and price of raw materials is also subject to a number of factors beyond our control including demand and supply, general economic and political conditions, transportation and labour costs, natural disasters, competition.

Further our other manufacturing expenses comprising of stores and spares consumed and power and fuel expenses represents a significant part of our direct costs of our total expenses. We are exposed to fluctuations in prices of power and fuel, mainly natural gas. Power and fuel cost accounts for a significant percentage of our cost of operations. For the Fiscals 2021, 2020 and 2019, our power and fuel expenses were 29.37%, 28.29% and 21.09% respectively of our revenue from operations. The other direct expenses represented 5.28%, 6.73% and 3.67% of our revenue from operations for the Fiscal 2021, 2020& 2019 respectively.

As we continue to expand the size and scope of our businesses, optimizing our direct costs and generating higher gross margins will be critical to maintain our competitiveness and profitability, particularly in view of the pricing pressures we face and the highly fragmented and competitive environment that we operate in. Any inability on our part to procure sufficient quantities of raw materials and on commercially acceptable terms, could impact our business and results of operations. Further any significant increases in our direct costs that we are unable to pass on to our clients through periodic revisions in our prices or otherwise absorb through changes in our operations may adversely affect our business and results of operations.

**Ability to increase manufacturing capacities, introduce new designs, widen our product portfolio to meet evolving preferences of Indian tiles Industry.**

Our future growth shall depend on our ability to identify emerging market trends and offer new products, and new designs to customers. We currently have a combined installed production capacity of 1,32,0,000 sq mt p.a. For the year ended March 31, 2020 and March 31, 2021, we utilised 69.68% and 69.90% respectively, despite losing significant business days due to outbreak of Covid-19 pandemic. However, going forward, we believe that to meet our robust demand we may have to engage with companies who manufacture qualitative products as per our specifications on an outsourced basis. Outsourcing manufacturing of products and marketing of products under own brand is a common practice in our Industry. This shall enable us to overcome our manufacturing capacity constraints, offer comprehensive product range to our dealers, increase sales and cash flow from operations. Also, we have are in the process of acquiring a land in Morbi to increase our manufacturing capacities and grow our operations. Further as on the date of the RHP, we have more than 1,000 designs in our portfolio. Further to meet evolving and changing preferences of the consumer, we keep on adding new designs into our product portfolio. The future success of our business will depend in part on our ability to respond to technological advances, increase our capacities and ability to procure qualitative products on outsourced basis, consumer preferences (including in designs) and emerging industry standards and practices in a cost-effective and timely manner.

**Increasing our brand presence**

Brand premiumisation is one of the key factors in our Industry. Recently some of our listed peers have engaged very well-known celebrities to endorse their products and increase their brand recall value. Being a private company and having focussed B2B operations, we have had limited spends on advertisement and publicity in the past to enhance our brand visibility. Our advertisement and publicity spends amounted to Rs. 2.74 million, Rs. 11.08 million and Rs. 19.00 million respectively for the Fiscal 2021, 2020 and 2019 respectively which represented 0.11%, 0.46% and 0.78% of our revenue from operations. The average advertisement and publicity spends of our listed peers have been in the range of Rs. 1.65 million – Rs. 895.70 million for Fiscal 2020. Since

we are relatively young and most of our peers have had a longer operating history than that of ours, we might need to incur higher advertising and publicity costs so as to attain parity with our listed peers. To keep up with the industry trends, face competition and increase our brand visibility among the consumers, we shall strategically undertake brand building initiatives by gradually increasing our advertising and publicity expenses in line with the growth of our business operations. Our key brand building initiatives include putting up of hoardings, displays at strategic locations such as airport, main markets, etc. distributing promotional materials and increased digital media advertising activities. Further we also plan to participate in more numbers of domestic trade exhibitions as well as begin participation in international trade exhibitions to increase our brand recognition and reach. Our revenue from operations might be adversely affected in case we are unable to increase our brand visibility and face competition.

#### **Ability to maintain and expand our dealer network and increasing export operations**

As on the date of the RHP our Company had more than 2,000 registered dealers with a widespread presence. Though we have a PAN India (24 states/union territories) presence, our distribution network is primarily focussed in the states of Gujarat, Karnataka, Maharashtra and Tamil Nadu. We have been generating a major portion of our business from the dealers situated in these states. We have been actively making efforts to increase our distribution network in such states so as to attain a higher market share. Further, as a strategy we are focussing on greater penetration in the states of Arunachal Pradesh, Uttarakhand and Puducherry, wherein we have limited distribution network currently but where we foresee opportunities for business expansion. Our ability to successfully enter and expand our dealers' network in new markets is dependent on our familiarity with the economic condition, end-customer base and commercial operations in these new regions. With limited presence in such new regions, our ability to gain market share within these regions is also dependent on our ability to compete with companies that may have an existing strong presence in these regions.

India recorded another year of healthy growth in exports in 2019, becoming the third largest exporting country after China and Spain. The export of ceramic tiles from India has doubled in the last three years to 360 sq mt mn in 2019 from 186 sq mt mn in 2016 [Source: Brickwork Report]. As on date of the RHP, we majorly export in the countries of Poland, UAE, Italy and Bosnia. We intend to capitalise on this growing opportunity by increasing our focus on export operations by exploring new geographies and increase business from existing countries. Our revenue from export operations contributed 13.88%, 13.51% and 6.67% of our total revenue from operations for the Fiscal 2021, 2020 and 2019 respectively. We plan to participate in international exhibitions, appoint dealers at strategic locations, create local presence and explore geographies such as Spain, Mexico, Italy, etc. to increase our international presence.

#### **Competition from existing players and new entrants**

Our industry is characterised by intense competition and is dominated by large organised players and highly fragmented with many small and medium players. Some of our competitors are larger than us and have greater financial, manufacturing, R&D and other resources. Consequently, our competitors may possess wider product ranges, larger distribution network, higher brand recall and broader appeal across various geographies. We compete with different players on the basis of innovative designs, competitive prices, our distribution network and quality of the products. As a result, to remain competitive in our markets, we must continuously strive to introduce new products and designs, expand our product portfolio and distribution network, enhance our brand and improve our operating efficiencies. If we are unable to respond to competition from existing and new players, our business and revenue from operations may be affected adversely. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products, pricing strategy of competitors, changes in consumer preferences and general economic, political and social conditions in the markets in which we operate.

Further we also face competition from international markets, especially China on account of their lower cost of production. Currently there has been a shift of preference from China to India due to negative sentiments against China. This has resulted in greater demand of Indian tiles products and open new markets for India in Europe and North-America. [Source: Brickworks Report]. However, we cannot assure you that we shall continue to be preferred over China in future also and receive greater demand for our products over Chinese products.

#### **Significant Accounting Policies followed by the Company**

##### **A. Basis of preparation**

##### **(i) Compliance with Ind AS**

The Restated Financial Information of the Company comprises the Restated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020, and 2019, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flows for the periods ended March 31, 2021, March 31, 2020 and 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the “Restated Financial Information”), as approved by the Board of Directors of the Company at their meeting for the purpose of inclusion in the Red Herring Prospectus (“RHP”) prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“IPO”) prepared in terms of the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”);
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”)
  - c) The Guidance Note on Report in company prospectus (Revised 2019) issued by the ICAI (referred to as the Guidance Note).
- (ii) The Restated Financial Information have been prepared so as to contain information/disclosures and incorporating adjustments as per Note 41 to the information compiled by the management from the Ind AS financial statements of the Company as at and for the periods ended March 31, 2021, March 31, 2020 and 2019, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on July 18, 2021, November 1, 2020 and September 5, 2019 respectively and this Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of approval by the Board of Directors. Historical cost convention

The Restated Ind AS financial statements have been prepared on an accrual basis under historical cost convention basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans - plan assets measured at fair value;

(iii) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

**B. Use of estimates and judgments**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

**C. Segment reporting:**

Geographical segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**D. Foreign currency translation**

**(i) Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency. The Company determines its own functional currency (the currency of the primary economic environment in which the Company operates) and items included in the financial statements of the Company are measured using that functional currency.

**(ii) Transactions and balances**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency of the entity at the rates prevailing on the reporting date. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

**E. Revenue recognition**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts, loyalty discount; indirect taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

**Sale of goods**

Sales are recognised when substantial risk and rewards of ownership are transferred to customer. In case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, generally sales take place when goods are shipped onboard based on bills of lading.

**Other operating revenue**

Interest on investments and deposits is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

Revenue in respect of other types of income is recognised when no significant uncertainty exists regarding realisation of such income.

**F. Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be

paid to the tax authorities.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### **G. Impairment of non-financial assets**

Property, plant and equipments (PPE) and Intangible assets (IA) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **H. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **I. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment, if any.

#### **J. Inventories**

Inventories of raw Materials, work-in-progress, stores and spares, finished goods and stock-in-trade are stated at cost or net realisable value, whichever is lower. Goods-in-transit are stated 'at cost'. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. A cost formula used is 'First-in-First-out'.

Due allowance is estimated and made for defective and obsolete items, wherever necessary.

**K. Investments and other financial assets**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- (1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

- (1) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.
- (2) **Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

Equity instruments:

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

**(iii) Impairment of financial assets**

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(iv) Income recognition Interest income**

Interest income from debt instruments is recognised using the effective interest rate method.

Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established.

#### **L. Property, plant and equipment**

Property, plant and equipment are measured at cost/deemed cost, less accumulated depreciation and impairment losses, if any. Cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated attributable costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

#### **Transition to Ind AS**

The Company has applied for the onetime transition exemption of considering the carrying cost on the transition date i.e. April 1, 2018 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

#### **Depreciation methods, estimated useful lives and residual value**

Depreciation on property, plant and equipments is provided on Straight Line Basis Method, over the estimated useful lives of assets. The Company depreciates its Property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believe that useful life of assets are same as those prescribed in Schedule II to the Act,

The residual values are not more than 5% of the original cost of the asset. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

In case of pre-owned assets, the useful life is estimated on a case to case basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

#### **M. Investment properties**

Investment property is property (land or a building or part of a building or both) held either to earn rental income or for capital appreciation or for both, but neither for sale in the ordinary course of business nor used in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

Any gain or loss on disposal of investment property calculated as the difference between the net proceeds from disposal and the carrying amount of the Investment Property is recognised in Statement of Profit and Loss.

#### **N. Intangible assets**

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

#### Computer software

Computer software is stated at cost, less accumulated amortisation and impairments, if any.

#### Amortisation method and useful life

The Company amortizes computer software using the straight-line method over the period of 3 years.

#### Transition to Ind AS

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2018 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

### **O. Borrowings**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income.

### **P. Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.. Other interest and borrowing costs are charged to Statement of Profit and Loss.

### **Q. Provisions and contingent liabilities**

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.



Contingent liabilities and capital commitments disclosed are in respect of items which in each case are above the threshold limit.

#### Employee benefits

##### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### **(ii) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

##### **(iii) a Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

##### Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

##### Defined Contribution Plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are

recognised as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

## **R. Earnings Per Share**

### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

### **(ii) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## **Principal Components of Income and Expenditure**

### **Income**

Our total income comprises of (i) revenue from operations and (ii) other income.

#### ***Revenue from Operations***

Our revenue from operations comprises of revenue from (i) sale of manufactured products i.e. floor tiles of varied sizes; (ii) sale of wall tiles which we get manufactured on outsourced basis and other materials and (iii) other operating revenue. Our revenue from operations can be divided as follows:

*(₹ in million)*

<b>Particulars</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Manufactured Products	2,415.78	2,229.99	2,313.54
Others	126.35	158.96	99.64
Other operating revenue	9.32	18.47	9.33
<b>Total</b>	<b>2,551.45</b>	<b>2,407.42</b>	<b>2,422.51</b>

**Other Income:** Our other income comprises of (i) interest income on fixed deposits (ii) interest income on our long-term investments and others (iii) gains arising on foreign exchange fluctuation (iv) insurance claim (v) duty drawback (vi) MEIS license sales income (vii) rent income and (viii) miscellaneous income.

**Expenses:** Our expenses comprise (i) costs of materials consumed (ii) purchase of stock-in-trade (iii) changes in inventories of work in progress, finished goods and stock-in-trade (iv) employee benefit expenses (v) finance costs (vi) depreciation and amortization expenses and (vii) other expenses.

**Costs of materials consumed:** Costs of materials consumed comprises of raw materials costs incurred in production of tiles. The primary raw materials involved in manufacturing of our products includes feldspar, clay, bentonite, frit, zinc oxide and zirconium silicate.

**Purchase of stock-in-trade:** Purchase of stock-in-trade mostly comprises of purchase of wall/floor tiles that we get manufactured on outsourced basis and sell under our brand to our dealers.

**Change in inventories of work in progress, finished goods and stock-in-trade:** Changes in inventories of work in progress, finished goods and stock-in-trade consists of costs attributable to increase or decrease in inventory levels during the relevant period in work in progress, finished goods and stock-in-trade.

**Employee benefit expense:** Employee benefit expense consists of (i) salary, wages and bonus (ii) contribution to provident fund, superannuation scheme, gratuity and other funds and (iii) staff welfare expenses.

**Finance costs:** Finance costs comprise of interest on loans taken from banks, financial institutions and others and other borrowing costs.

**Depreciation and amortization expenses:** Depreciation and amortization comprises (i) depreciation on our property, plant and equipment and (ii) amortization of intangible assets.

**Other expenses:** Other expenses mainly comprise (i) stores and spares consumed (ii) power and fuel (iii) job work charges (iv) rent expenses (v) repairs to machinery (vi) insurance expenses (vii) legal and professional fees (viii) travelling and conveyance (ix) advertisement and publicity (x) safety and security expense (xi) commission to selling agents (xii) export expenses and (xiii) other miscellaneous expenses amongst others.

## NON-GAAP MEASURES

EBITDA and EBITDA Margin, presented in this Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, EBITDA and EBITDA Margin are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, EBITDA and EBITDA Margin, are not standardised terms, hence a direct comparison of these Non-GAAP measures between companies may not be possible. Other companies may calculate these Non-GAAP measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

### *Reconciliation of EBITDA and EBITDA Margin to Net Profit After Tax*

The table below reconciles net profit after tax to EBITDA. EBITDA is calculated as net profit after tax, plus finance cost, depreciation, amortization and impairment expenses and tax expenses, and less other income, while EBITDA Margin is the percentage of EBITDA divided by revenue from operations.

(₹ in million)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
<b>Net Profit After Tax (I)</b>	152.23	112.59	89.17
Add: Finance costs (II)	212.60	197.18	178.28
Add: Depreciation, amortization and impairment expenses (III)	136.34	142.97	140.81
Add: Tax expenses (IV)	19.37	9.10	(12.42)
Less: Other income	47.08	32.22	17.56
<b>Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) V = I + II + III + IV</b>	<b>473.46</b>	<b>429.62</b>	<b>378.29</b>
Revenue from operations (VI)	2,551.45	2,407.42	2,422.51
<b>EBITDA Margin (EBITDA as a percentage of Revenue from Operations) IX = (V/VI)</b>	<b>18.56%</b>	<b>17.85%</b>	<b>15.62%</b>

## RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations for the Fiscals 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods.

(₹ in million)

Particulars	March 31, 2021	% of total income	March 31, 2020	% of total income	March 31, 2019	% of total income
<b>Income</b>						
Revenue from operations	2,551.45	98.19%	2,407.42	98.68%	2,422.51	99.28%
Other income	47.08	1.81%	32.22	1.32%	17.56	0.72%
<b>Total Income</b>	<b>2,598.53</b>	<b>100.00%</b>	<b>2,439.64</b>	<b>100.00%</b>	<b>2,440.06</b>	<b>100.00%</b>
<b>Expenses</b>						
Costs of materials consumed	779.96	30.02%	949.45	38.92%	836.54	34.28%
Purchase of stock-in-trade	76.81	2.96%	70.05	2.87%	44.12	1.81%
Changes in inventories of work in progress, finished goods and stock-in-trade	(12.68)	(0.49)%	(306.46)	(12.56)%	70.26	2.88%
Employee benefits expense	192.55	7.41%	265.24	10.87%	291.05	11.93%
Finance costs	212.60	8.18%	197.18	8.08%	178.28	7.31%
Depreciation and amortization expenses	136.34	5.25%	142.97	5.86%	140.81	5.77%
Other expenses	1,041.36	40.07%	999.53	40.97%	802.24	32.88%
<b>Profit before exceptional items and tax</b>	<b>171.61</b>	<b>6.60%</b>	<b>121.69</b>	<b>4.99%</b>	<b>76.76</b>	<b>3.15%</b>
Exceptional items	-	-	-	-	-	-
<b>Profit before tax</b>	<b>171.61</b>	<b>6.60%</b>	<b>121.69</b>	<b>4.99%</b>	<b>76.76</b>	<b>3.15%</b>
Current tax	30.72	1.18%	22.50	0.92%	20.00	0.82%
MAT credit availed/ (entitlement)	(11.13)	(0.43)%	(18.08)	(0.74)%	(17.92)	(0.73)%
Deferred tax liability/ (assets)	(2.30)	(0.09)%	4.58	0.19%	(14.50)	(0.59)%
Prior Period Tax	2.08	0.08%	0.10	0.00%	0.00	0.00%
<b>Total Tax Expenses</b>	<b>19.37</b>	<b>0.75%</b>	<b>9.10</b>	<b>0.37%</b>	<b>(12.42)</b>	<b>(0.51)%</b>
<b>Profit for the year</b>	<b>152.23</b>	<b>5.86%</b>	<b>112.59</b>	<b>4.61%</b>	<b>89.17</b>	<b>3.65%</b>
<b>Other Comprehensive income/ (loss)</b>						
Items that will not be reclassified to profit and loss account (net off tax)	0.76	0.03%	0.22	0.01%	0.56	0.02%
<b>Total other comprehensive income (net of tax)</b>	<b>0.76</b>	<b>0.03%</b>	<b>0.22</b>	<b>0.01%</b>	<b>0.56</b>	<b>0.02%</b>
<b>Total comprehensive income for the year</b>	<b>152.99</b>	<b>5.89</b>	<b>112.80</b>	<b>4.62%</b>	<b>89.73</b>	<b>3.68%</b>

## Discussion on the Results of Operations

### Fiscal 2021 compared to Fiscal 2020

#### Total Income

Our total income in Fiscal 2021 increased by 6.51% as compared to Fiscal 2020 from Rs. 2,439.64 million in Fiscal 2020 to Rs. 2,598.53 million in Fiscal 2021 primarily due to the following reasons:

*Revenue from operations:* Our revenue from operations in Fiscal 2021 marginally increased by 5.98% as compared to Fiscal 2020, from Rs. 2,407.42 million in Fiscal 2020 to Rs. 2,551.45 million in Fiscal 2021, primarily as a result of increase in revenue from sale of products from Rs. 2,388.95 million in Fiscal 2020 to Rs. 2,542.13 million in Fiscal 2021 despite (i) impact of Covid-19, resulting in a global lockdown due to which we lost few significant business days in the month of Apr'20 to Jun'20 resulting in an estimated revenue loss as per the management, of Rs. 400-500 million. (ii) the increase was driven by increase in domestic and global demand for our products especially glazed vitrified tiles. This increase was slightly offset by decrease in other operating revenue from Rs. 18.47 million in Fiscal 2020 to Rs. 9.32 million in Fiscal 2021.

*Other income:* Our other income increased by 46.12% from Rs. 32.22 million in Fiscal 2020 to Rs. 47.08 million in Fiscal 2021. The increase was primarily due to (i) increase in miscellaneous income from Rs. 1.87 million in Fiscal 2020 to Rs. 17.41 million in Fiscal 2021, which was mainly due to creditors written back in Fiscal 2021 (ii) increase in income from sale of MEIS License from Rs. 4.13 million in Fiscal 2020 to Rs. 7.41 million in Fiscal 2021 (iii) increase in insurance claim from Rs. 7.46 million in Fiscal 2020 as compared to Rs. 10.72 million in Fiscal 2021, amongst others. This increase was slightly offset by decrease in interest on others from Rs. 7.72 million in Fiscal 2020 to nil in Fiscal 2021, amongst others.

#### Total Expenses

Our total expenses increased marginally by 4.70% from Rs. 2,317.96 million in Fiscal 2020 to Rs. 2,426.93 million in Fiscal 2021, due to the factors described below:

*Costs of materials consumed:* Our costs of materials consumed decreased by 17.85% from Rs. 949.45 million in Fiscal 2020 to Rs. 779.96 million in Fiscal 2021. This was mainly due to decrease in our lower raw material requirements on account of higher opening inventories during Fiscal 2021.

*Purchase of stock-in-trade:* Our purchase of stock-in-trade increased by 9.64% from Rs. 70.05 million in Fiscal 2020 to Rs. 76.81 million in Fiscal 2021. This was mainly due to slight increase in our outsourced production.

*Changes in inventories of finished goods, work in progress and stock-in-trade:* Change in inventories of work-in-progress, finished goods and stock-in trade was ₹ (12.68) million in Fiscal 2021 as compared to ₹(306.46) million in Fiscal 2020. This was due to slightly higher inventory at the end of Fiscal 2021 as compared to Fiscal 2020.

*Employee benefits expense:* Our employee benefits expense decreased by 27.41% from Rs. 265.24 million in Fiscal 2020 to Rs. 192.55 million in Fiscal 2021. This decrease was primarily due to decrease in salaries & wages expenses from Rs. 254.57 million in Fiscal 2020 to Rs. 182.48 million in Fiscal 2021. This was due to mainly salary reduction of various employees on account of Covid-19 during Fiscal 2021, decrease in number of employees, decrease in contract labour rates, etc. Further our staff welfare expenses slightly decreased from Rs. 4.06 million in Fiscal 2020 to Rs. 3.92 million in Fiscal 2021. Our contribution to provident fund, superannuation schemes and other funds decreased from Rs. 6.61 million in Fiscal 2020 to Rs. 6.15 million in Fiscal 2021.

*Finance costs:* Our finance costs increased by 7.82% from Rs. 197.18 million in Fiscal 2020 to Rs. 212.60 million in Fiscal 2021. Increase in finance costs was mainly due to increase in interest expenses from ₹ 178.18 million in Fiscal 2020 to Rs. 203.17 million in Fiscal 2021, which is mainly a result of availment of Covid loan and FITL of Rs. 76.17 million during Fiscal 2021. This increase was offset by slight decrease in other borrowing costs from Rs. 19.01 million in Fiscal 2020 to Rs. 9.42 million in Fiscal 2021.

*Depreciation and amortisation expense:* Our depreciation and amortisation expense decreased by 4.64% from ₹ 142.97 million in Fiscal 2020 to ₹ 136.34 million in Fiscal 2021.

*Other expenses:* Our other expenses marginally increased by 4.19% from ₹ 999.53 million in Fiscal 2020 to ₹ 1,041.36 million in Fiscal 2021. This increase was primarily due to an (i) increase in power & fuel expenses from Rs. 681.02 million in Fiscal 2020 to Rs. 749.28 million in Fiscal 2021. (ii) increase in export expenses from Rs. 31.91 million in Fiscal 2020 to Rs. 44.91 million in Fiscal 2021 which was in line with our increased revenue from export operations (iii) Public issue expenses of Rs. 8.09 million in Fiscal 2021 as against no such expenses in Fiscal 2020, amongst others. The increase was offset by decrease in (i) repairs to machinery from Rs. 26.83 million in Fiscal 2020 to Rs. 8.29 million in Fiscal 2021 due to repairs of forklift and loader at Unit II in Fiscal 2020 (ii) travelling and conveyance expenses from Rs. 25.95 million in Fiscal 2020 to Rs. 12.28 million in Fiscal 2021, owing to lower incentive schemes (in the form of travels) announced for our dealers during Fiscal 2021 and decreased travelling by our employees owing to Covid-19 in Fiscal 2021 (iii) decrease in stores and spares consumption from Rs. 131.51 million in Fiscal 2020 to Rs. 122.53 million in Fiscal 2021 due to maintenance of spray dryer and Kiln at Unit I in Fiscal 2020 (iv) decrease in advertisement and publicity expenses from Rs. 11.08 million in Fiscal 2020 to Rs. 2.74 million in Fiscal 2021 due to lesser number of promotional events in Fiscal 2021, amongst others.

*Profit before tax:* Our restated profit before tax increased by 41.02% from ₹ 121.69 million in Fiscal 2020 to Rs. 171.61 million in Fiscal 2021, mainly due to optimization of expenses and slight increase in revenue from operations as mentioned above.

*Tax expenses:* Our total tax expenses increased by 112.87% from Rs. 9.10 million in Fiscal 2020 to Rs. 19.37 million in Fiscal 2021. This was primarily due to increase in our current tax expenses (including MAT credit entitlement and prior period tax) from Rs. 4.52 million in Fiscal 2020 to Rs. 21.68 million in Fiscal 2021, primarily on account of increased profits. This was slightly offset by recording deferred tax benefit of Rs. (2.30) million in Fiscal 2021 from a deferred tax charge of Rs. 4.58 million in Fiscal 2020.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax increased by 35.21% from Rs. 112.59 million in Fiscal 2020 to ₹ 152.23 million in Fiscal 2021.

*Other comprehensive income:* We recorded a total other comprehensive income of ₹ 0.76 million in Fiscal 2021 as compared to a total other comprehensive income of ₹ 0.22 million in Fiscal 2020. This was primarily due to items that will not be classified to Profit & Loss account and income tax on such items.

*Total comprehensive income for the year:* As a result of the factors outlined above, our total comprehensive income for the year increased by 35.63% from ₹ 112.80 million in Fiscal 2020 to ₹ 152.99 million in Fiscal 2021.

## **Fiscal 2020 compared to Fiscal 2019**

### **Total Income**

Our total income in Fiscal 2020 was on similar lines as of Fiscal 2019 and has decreased insignificantly by 0.02% from Rs. 2,440.06 million in Fiscal 2019 to Rs. 2,439.64 million in Fiscal 2020 primarily due to the following reasons:

*Revenue from operations:* Our revenue from operations in Fiscal 2020 was on similar lines as of Fiscal 2019 and has slightly decreased by 0.62% from Rs. 2,422.51 million in Fiscal 2019 to Rs. 2,407.42 million in Fiscal 2020, primarily as a result of decline in revenue from sale of products from Rs. 2,413.18 million in Fiscal 2019 to Rs. 2,388.95 million in Fiscal 2020 on account of (i) impact of Covid-19, resulting in a global lockdown due to which we lost few significant business days in the month of March'20. As per management estimates, this resulted in a loss of business of Rs. 120- 150 million (ii) lower demand in the last quarter of the Fiscal due to uncertainty on account of Covid-19 pandemic among the world (iii) lower average realization per tiles from Rs. 300 per sq.mt. in Fiscal 2019 to Rs. 268 per sq.mt. in Fiscal 2020 on account of market conditions. This decline was slightly offset by increase in other operating revenue from Rs. 9.33 million in Fiscal 2019 to Rs. 18.47 million in Fiscal 2020.

*Other income:* Our other income increased by 83.52% to Rs. 32.22 million in Fiscal 2020 from Rs. 17.56 million in Fiscal 2019. The increase was primarily due to (i) increase in interest income on fixed deposits from Rs. 5.69 million in Fiscal 2019 to Rs. 10.60 million in Fiscal 2020 (ii) increase in duty drawback from Rs. 2.71 million in Fiscal 2019 from Rs. 5.07 million in Fiscal 2020 (iii) income from sale of MEIS License of Rs. 4.13 million in Fiscal 2020 as compared to no such income in Fiscal 2019 (iv) increase in miscellaneous income from Rs. 0.18 million in Fiscal 2019 to Rs. 1.87 million in Fiscal 2020, amongst others.

## Total Expenses

Our total expenses decreased marginally by 1.92% to Rs. 2,317.96 million in Fiscal 2020 from Rs. 2,363.31 million in Fiscal 2019, due to the factors described below:

*Costs of materials consumed:* Our costs of materials consumed increased by 13.50% from Rs. 836.54 million in Fiscal 2019 to Rs. 949.45 million in Fiscal 2020. This was mainly due to increase in our total production from 7.49 million sq.mt. in Fiscal 2019 to 9.20 million sq.mt. in Fiscal 2020.

*Purchase of stock-in-trade:* Our purchase of stock-in-trade increased by 58.78% from Rs. 44.12 million in Fiscal 2019 to Rs. 70.05 million in Fiscal 2020. This was mainly due to increase in our outsourced production of wall tiles due to higher demand by the customers.

*Changes in inventories of finished goods, work in progress and stock-in-trade:* Change in inventories of work-in-progress, finished goods and stock-in trade was ₹ (306.46) million in Fiscal 2020 as compared to ₹ 70.26 million in Fiscal 2019. This was due to higher inventory at the end of Fiscal 2020 as compared to Fiscal 2019. Our closing inventories were higher than usual in Fiscal 2020 due to Covid-19 pandemic, resulting in a global lockdown, as a result of which we lost few significant business days in the month of March'20.

*Employee benefits expense:* Our employee benefits expense decreased by 8.87% to Rs. 265.24 million in Fiscal 2020 from Rs. 291.05 million in Fiscal 2019. This decrease was primarily due to decrease in salaries & wages expenses from Rs. 280.45 million in Fiscal 2019 to Rs. 254.57 million in Fiscal 2020. This was due to mainly decrease in number of employees, decrease in contract labour rates offset by annual increments given to various employees. Further our staff welfare expenses slightly decreased from Rs. 4.63 million in Fiscal 2019 to Rs. 4.06 million in Fiscal 2020. This decrease was offset by slight increase in contribution to provident fund, superannuation scheme, gratuity expenses and other funds from Rs. 5.98 million in Fiscal 2019 to Rs. 6.61 million in Fiscal 2020.

*Finance costs:* Our finance costs increased by 10.60% from Rs. 178.28 million in Fiscal 2019 to Rs. 197.18 million in Fiscal 2020. Increase in finance costs was mainly due to increase in interest expenses from ₹ 158.24 million in Fiscal 2019 to ₹ 178.18 million in Fiscal 2020, which is mainly a result of increase in borrowings to fund our capital expenditures and working capital requirements. Our total borrowings have increased from Rs. 1,586.63 million in Fiscal 2019 to Rs. 1,741.58 million in Fiscal 2020. This increase was offset by slight decrease in other borrowing costs from Rs. 20.04 million in Fiscal 2019 to Rs. 19.01 million in Fiscal 2020.

*Depreciation and amortisation expense:* Our depreciation and amortisation expense slightly increased by 1.53% to ₹ 142.97 million in Fiscal 2020 from ₹ 140.81 million in Fiscal 2019.

*Other expenses:* Our other expenses increased by 24.59% to ₹ 999.53 million in Fiscal 2020 from ₹ 802.24 million in Fiscal 2019. This increase was primarily due to an (i) increase in consumption of stores from Rs. 83.40 million in Fiscal 2019 to Rs. 131.51 million in Fiscal 2020. This was mainly due to increase in our production activity (ii) increase in power & fuel expenses from Rs. 510.97 million in Fiscal 2019 to Rs. 681.02 million in Fiscal 2020 due to increase in consumption owing to increase in our production activity (iii) increase in repairs to machinery from Rs. 2.86 million in Fiscal 2019 to Rs. 26.83 million in Fiscal 2020 mainly due to repairs to forklift and loader at our Unit II (iv) increase in export expenses from Rs. 17.03 million in Fiscal 2019 to Rs. 31.91 million in Fiscal 2020 which was in line with our increased revenue from export operations, amongst others. The increase was offset by decrease in (i) transportation & distribution expenses from Rs. 20.47 million in Fiscal 2019 to Rs. 3.18 million in Fiscal 2020 due to decrease in sales on FOR basis which was replaced by To Pay by customer basis (ii) travelling and conveyance expenses from Rs. 32.52 million in Fiscal 2019 to Rs. 25.95 million in Fiscal 2020, owing to lower incentive schemes (in the form of travels) announced for our dealers during Fiscal 2020 (iv) advertisement and publicity expenses from Rs. 19.00 million in Fiscal 2019 to Rs. 11.08 million in Fiscal 2020 due to lower distribution of promotional materials amongst dealers as we develop an established market for our products over the years (v) warranty claim and breakage penses from Rs. 32.77 million in Fiscal 2019 to Rs. 19.14 million in Fiscal 2020 due to lower complaints and breakage claims made by various dealers in Fiscal 2020, amongst others.

*Profit before tax:* Our restated profit before tax increased by 58.54% from ₹ 76.76 million in Fiscal 2019 to ₹ 121.69 million in Fiscal 2020, mainly due to optimization of expenses as mentioned above.

*Tax expenses:* Our total tax expenses increased by 173.28% from Rs. (12.42) million in Fiscal 2019 to Rs. 9.10 million in Fiscal 2020. This was primarily due to increase in deferred tax charge to Rs. 4.58 million in Fiscal

2020 from a deferred tax benefit of Rs. (14.50) million in Fiscal 2019. Also our current tax expenses (including MAT credit entitlement and prior period tax) from Rs. 2.08 million in Fiscal 2019 to Rs. 4.52 million in Fiscal 2020, primarily on account of increased profits.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax increased by 26.26% to Rs. 112.59 million in Fiscal 2020 from ₹ 89.17 million in Fiscal 2019.

*Other comprehensive income:* We recorded a total other comprehensive income of ₹ 0.22 million in Fiscal 2020 as compared to a total other comprehensive income of ₹ 0.56 million in Fiscal 2019. This was primarily due to items that will not be classified to Profit & Loss account and income tax on such items.

*Total comprehensive income for the year:* As a result of the factors outlined above, our total comprehensive income for the year increased by 25.71% from ₹ 89.73 million in Fiscal 2019 to ₹ 112.80 million in Fiscal 2020.

- **Liquidity and Capital Resources**

We have historically financed the expansion of our business and operations primarily through debt financing and funds generated from our operations. From time to time, we may obtain loan facilities to finance our short-term working capital requirements and term loans to finance our capital expenditures.

**Cash Flows**

The table below summarises our cash flows for the Fiscals 2021, 2020 and 2019:

Particulars	March 31, 2021	(₹ in million)	
		March 31, 2020	March 31, 2019
Net cash generated from operating activities	377.86	57.07	410.84
Net cash from/ (used) in investing activities	(17.11)	(24.50)	(52.19)
Net cash (used)/generated from financing activities	(344.23)	(42.23)	(381.86)
Net (decrease)/increase in cash and cash equivalents	16.52	(9.66)	(23.21)
Cash and Cash Equivalents at the beginning of the year	5.28	14.95	38.16
Cash and Cash Equivalents at the end of the year	21.80	5.28	14.95

**Operating Activities**

**Fiscal 2021**

Our net cash generated from operating activities was ₹ 377.86 million during the financial year ended March 31, 2021. Restated profit before tax was ₹ 171.61 million during the financial year ended March 31, 2021 and adjustments to reconcile restated profit before tax to operating profit before working capital changes majorly consisted of depreciation and amortization expense of ₹ 136.34 million and interest and financial expenses of ₹ 212.60 million, amongst others, which was partially offset by interest received on deposits of ₹ 3.43 million. Operating profit before working capital changes was ₹ 524.61 million during the financial year ended March 31, 2021. The main working capital adjustments in the financial year ended March 31, 2021, included a decrease in trade payables of Rs. 188.47 million, amongst others. This was partially offset by decrease in trade receivables of ₹ 55.84 million, amongst others. Cash generated from operations during the financial year ended March 31, 2021 amounted to ₹ 407.21 million. Direct taxes paid amounted to ₹ 29.35 million.

**Fiscal 2020**

Our net cash generated from operating activities was ₹ 57.07 million during the financial year ended March 31, 2020. Restated profit before tax was ₹ 121.69 million during the financial year ended March 31,



2020 and adjustments to reconcile restated profit before tax to operating profit before working capital changes majorly consisted of depreciation and amortization expense of ₹ 142.97 million and interest and financial expenses of ₹ 197.18 million, amongst others, which was partially offset by interest received on deposits of ₹ 3.09 million. Operating profit before working capital changes was ₹ 463.00 million during the financial year ended March 31, 2020. The main working capital adjustments during the financial year ended March 31, 2020, included an increase in trade receivables of Rs. 134.19 million, increase in inventories of Rs. 259.75 million and decrease in other current and non-current financial liabilities of Rs. 42.81 million, amongst others. This was partially offset by increase in trade payables of ₹ 121.32 million, amongst others. Cash generated from operations during the financial year ended March 31, 2020 amounted to ₹ 77.17 million. Direct taxes paid amounted to ₹ 20.10 million.

#### ***Fiscal 2019***

Our net cash generated from operating activities was ₹ 410.84 million during the financial year ended March 31, 2019. Restated profit before tax was ₹ 76.76 million during the financial year ended March 31, 2019 and adjustments to reconcile restated profit before tax to operating profit before working capital changes majorly consisted of depreciation and amortization expense of ₹ 140.81 million and interest and financial expenses of ₹ 178.28 million, amongst others, which was partially offset by interest received on deposits of ₹ 2.98 million. Operating profit before working capital changes was ₹ 402.09 million during the financial year ended March 31, 2019. The main working capital adjustments during the financial year ended March 31, 2019, included a decrease in inventories of Rs. 99.70 million, increase in trade payables of ₹ 55.92 million and increase in other current financial liabilities of Rs. 35.04 million, amongst others. This was partially offset by a increase in trade receivables of ₹ 152.63 million, amongst others. Cash generated from operations during the financial year ended March 31, 2019 amounted to ₹ 419.40 million. Direct taxes paid amounted to ₹ 8.56 million.

#### ***Investing Activities***

##### ***Fiscal 2021***

Net cash used in investing activities was ₹ 17.11 million in Fiscal 2021, primarily on account of changes in creditors for fixed assets of Rs. 2.87 million and purchase of property, plant and equipments of Rs. 13.42 million, amongst others. This was partially offset by interest received of Rs. 2.09 million.

##### ***Fiscal 2020***

Net cash used in investing activities was ₹24.50 million in Fiscal 2020. This was primarily on account of investment in property, plant & equipments of Rs. 14.37 million and investment in debt instruments of Rs. 13.68 million, amongst others. This was partially offset by interest received of ₹ 2.89 million, amongst others. The Company has invested in 13,680 units of Secured redeemable non-convertible debentures of face value of Rs. 1,000 each for an amount of Rs. 136. 80 million. For further details, please refer Note 4- Non-Current Investments on page F-23 under chapter titled “Restated Financial Statements” beginning on page 160 of the RHP

##### ***Fiscal 2019***

Net cash used in investing activities was ₹ 52.19 million in Fiscal 2019. This was primarily on account of changes in creditors for fixed assets of Rs. 63.69 million and investment in property, plant & equipments of Rs. 30.30 million, amongst others. This was partially offset by change in bank balances not considered as cash equivalent of Rs. 36.47 million and interest received of ₹ 2.98 million, amongst others.

#### ***Financing Activities***

##### ***Fiscal 2021***

Net cash used in financing activities during the financial year ended March 31, 2021 was ₹ 344.23 million which primarily consisted of repayment of long term borrowings (net) of ₹ 109.22 million, repayment of short term borrowings (net) of ₹ 22.41 million and finance costs paid of ₹ 212.60 million.

##### ***Fiscal 2020***

Net cash used in financing activities during the financial year ended March 31, 2020 was ₹ 42.23 million which primarily consisted of repayment of long term borrowings (net) of ₹ 48.04 million and finance costs

paid of ₹ 197.18 million. This was partially offset by proceeds from short term borrowings (net) of ₹ 202.99 million.

### **Fiscal 2019**

Net cash used in financing activities during the financial year ended March 31, 2019 was ₹ 381.86 million which primarily consisted of repayment of long term borrowings (net) of ₹ 256.83 million and finance costs paid of ₹ 178.28 million. This was partially offset by proceeds from short term borrowings (net) of ₹ 53.25 million.

- **Financial Indebtedness**

As on March 31, 2021 the total outstanding borrowings of our Company aggregated to ₹ 1,609.95 million, which includes long-term borrowings of ₹ 699.16 million, short-term borrowings of ₹ 734.75 million and current maturities of long term debt of ₹ 176.04 million. Further we propose to repay certain of secured loans to the extent of Rs. 500.00 million from the Net Proceeds. For further details, please see the chapter titled, “*Financial Indebtedness*” and “*Objects of the Offer*” beginning on page 188 and 85 of this Red Herring Prospectus.

The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2021, and our repayment obligations in the periods indicated:

Particulars	As at March 31, 2021			
	Total	Not later than 1 year	1-2 years	More than 2 years
<b>Long Term Borrowings (including current maturities)</b>				
Term loans (secured)	691.60	168.23	182.73	340.65
Non-convertible Preference Shares	34.70	-	-	34.70
Other loans (unsecured)	148.91	7.81	0.75	140.35
<b>Total long term borrowings (including current maturities)</b>				
<b>Short Term Borrowings</b>				
Secured	734.75	734.75	-	-
Unsecured	-	-	-	-
<b>Total Short Term Borrowings</b>	<b>734.75</b>	<b>734.75</b>	<b>-</b>	<b>-</b>
<b>Total Borrowings</b>	<b>1,609.95</b>	<b>910.79</b>	<b>183.48</b>	<b>515.70</b>

- **Contingent Liabilities and Off-Balance Sheet Arrangements**

As of March 31, 2021, our contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets, were as follows:

Particulars	Amount (Rs. in million)
Income tax matters	25.05
Sales tax matters	12.35
Bank Guarantee	97.67
Letter of credit issued by bank	20.51
EPCG	194.36
<b>Total</b>	<b>349.94</b>

For further information on our contingent liabilities, please see “*Note 35- Contingent Liabilities not provided for in respect of*” on page F-36 under the chapter titled “*Restated Financial Statements*” beginning on page 160 of this Red Herring Prospectus.

Except as disclosed in the Restated Financial Statements or elsewhere 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.

- **Contractual Obligations and Commitments**

As on March 31, 2021, our Company did not have contractual or capital commitments.

- **Capital Expenditure**

For the Fiscals 2021, 2020 and 2019, our capital expenditures, were ₹ 13.42 million, ₹ 14.37 million and ₹ 30.30 million respectively. The following table sets forth gross addition to our fixed assets for the periods indicated:

*(₹ in million)*

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Property, Plant & Equipment	13.42	14.37	30.30
Intangible Assets	-	-	-
<b>Total</b>	<b>13.42</b>	<b>14.37</b>	<b>30.30</b>

For further information, see “*Restated Financial Statements*” on page 160.

### **Related Party Transactions**

We enter into various transactions with related parties in the ordinary course of business. Primarily such transactions include remuneration to directors and KMP, reimbursement of expenses, loans taken, etc. For further details relating to our Related Party Transactions, see “*Note 36 – Related Party Information as per Ind AS 24*” on page F-37 under chapter titled “*Restated Financial Statements*” beginning on page 160 of this Red Herring Prospectus.

### **Auditor’s Observations**

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors which requires adjustments in Restated Financial Statements as of and for the years ended March 31, 2019, 2020 and 2021.

### **Quantitative and Qualitative Disclosures about Market Risk**

In the course of our business, we are exposed to certain financial risks such as credit risk, liquidity risk, market risk and price risk.

#### ***Market Risks***

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, could affect our income or the value of our holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. We are exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and market value of our investments. Accordingly, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### ***Foreign Currency Risk***

The Company is subject to the risk that changes in foreign currency values impact the Company’s exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible.

The following table sets forth our exposure to foreign currency risk expressed in INR as at March 31, 2021:

<b>Financial assets</b>	<b>Amount (₹ in million)</b>
Trade Receivables (US\$)	73.81
<b>Financial liabilities</b>	
Trade Payables (US\$)	4.73

*For details of a sensitivity analysis for a change in foreign currency rates, see “Restated Financial Statements – Note 39: Financial Risk Management” on page F-44.*

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our debt obligations with floating interest rates. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Our policy is to borrow funds at fixed plus floating rate of interest. For details of our exposure to interest rate risk, see “Restated Financial Statements – Note 39: Financial Risk Management” on page F-44.

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if the counterparty fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However, the credit risk on account of financing activities, i.e., balances with banks is very low, since the Company holds all the balances with approved bankers only.

*Trade receivables:* Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the customers outstanding balances to which the Company grants credit terms in the normal course of business. Concentration of credit risk with respect to trade receivables are limited, as the Company’s customer base is large, reputed and having good credit credential as well as that they are long standing customers. All trade receivables are reviewed and assessed for default on a quarterly basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

#### **Liquidity risk**

Liquidity risk is the risk the Company faces in meeting its obligations associated with its financial liabilities. The Company’s approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, Management considers both normal and stressed conditions.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. We closely monitor our liquidity position and deploy a robust cash management system. We aim to minimise these risks by generating sufficient cash flows from current operations, which in addition to the available cash and cash equivalents and sufficient committed fund facilities, will provide liquidity. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The carrying amounts are assumed to be reasonable approximation of fair value

#### **Effect of Inflation**

In recent years, India has experienced moderate rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

- **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 Affected 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 “–

Significant Factors Affecting our Results of Operations and Financial Conditions” and the uncertainties described in “*Risk Factors*” on pages 22 and 166 respectively.

- **Known Trends or Uncertainties that Have Had or are Expected to Have a Material Adverse Impact on Sales, Revenue or Income from Continuing Operations**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” beginning on pages 166 and 22, respectively. To our knowledge, except as discussed in this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on sales, revenue or income of our Company from continuing operations.

- **Expected Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are Known**

Other than as described in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 22, 119 and 164 respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

- **Status of any Publicly Announced New Products or Business Segments**

Except as disclosed elsewhere in the RHP, we have not announced and do not expect to announce in the near future any new products or business segments.

- **Competitive Conditions**

We operate in a competitive environment. See “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 119, 101, 22 respectively, for further details on competitive conditions that we face in our business.

- **Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three Fiscals are as described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2021 compared to Fiscal 2020*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2020 compared to Fiscal 2019*” above on pages 164 and 188, respectively.

- **Segment Reporting**

Revenue and geographical segments are identified based on the stratification of the risk and returns. We operate majorly only in one revenue segment, i.e. ‘manufacturing of vitrified tiles’. For further information on our segment reporting, please see “*Note 40 - Segment Information*” on page F-47 under the chapter titled “*Restated Financial Statements*” beginning on page 160 of this Red Herring Prospectus.

- **Significant Dependence on a Single or Few Suppliers or Customers**

The % of contribution of our Company’s customers and suppliers vis a vis the revenue from operations and raw materials purchase respectively for the financial year ended as on March 31, 2021 and March 31, 2020 based on Restated Financial Statements are as follows:

Particulars	Suppliers		Customers	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Top 5 (%)	15.90	24.20	36.34	31.45
Top 10 (%)	26.10	35.12	40.76	34.52

- **Seasonality of Business**

The nature of our business is not seasonal.

- **Significant Developments after March 31, 2021 that may affect our results of operations**

Except as set out in this Red Herring Prospectus, in the opinion of the Board of Directors of our Company and to our knowledge, no circumstances have arisen since the date of the last financial statements as

disclosed in this Red Herring Prospectus which materially or 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.

- **Changes in Accounting Policies**

The financial statements for the financial year ended March 31, 2021, were the first financial statements of our Company that have been prepared in accordance with Ind AS. Other than as required for the preparation of our Restated Financial Statements, there have been no changes in our accounting policies during Fiscals 2019, 2020 and 2021.

## FINANCIAL INDEBTEDNESS

We avail loans and financing facilities in the ordinary course of our business for meeting our working capital and business requirements. For details of the borrowing powers of our Board, see “*Our Management-Borrowing Powers*” on page 144.

We have obtained the necessary consents required under the relevant financing documentation for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents and change in the composition of our Board.

The details of the indebtedness of our Company as on March 31, 2021 is provided below:

(₹ in million)		
Category of borrowing	Sanctioned Amount	Outstanding Amount as on March 31, 2021
<b>Secured Borrowing</b>		
Term Loans	748.00	690.46
Working Capital Facilities*	1048.10	852.93
Vehicle Loans	4.35	1.14
<b>Total Secured Facilities (A)</b>	<b>1800.45</b>	<b>1544.53</b>
<b>Unsecured Borrowing</b>		
Loan from Banks	5.00	1.15
Loan from financial Institutions	17.25	7.41
Loans from directors and their relatives and members of the Company	-	120.84
Inter-corporate deposits	-	19.51
<b>Total unsecured facilities (B)</b>	<b>22.25</b>	<b>148.91</b>
<b>Total Borrowing (C=A+B)</b>	<b>1822.70</b>	<b>1693.44</b>

\*While the sanctioned working capital facility from one of our lenders, namely ECL Finance Limited, is ₹ 300 million, the disbursement for the said working capital facility has been restricted to ₹ 200 million pursuant to the internal arrangement with the lender.

For further details of our outstanding borrowings as on March 31, 2021, see “*Restated 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 borrowings arrangements entered into by us.

- Interest:** In terms of the secured facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum. The spreads are different for different facilities.

The interest rate for the secured loans availed by our Company typically ranges from 8.95% per annum to 14% per annum or the applicable MCLR plus 2% to 5.60% per annum.

The interest rate for the unsecured loans availed by our Company from bank and financial institutions typically ranges from 10.35% per annum to 18% per annum.

- Penal Interest:** The terms of certain financing facilities availed by us prescribe penalties for non-compliance of certain obligations by us. These include, inter alia, breach of financial covenants, non-submission of annual financial statements and stock statements, diversion of funds, non-perfection of security within permitted timelines, irregularity/ overdrawn in the account, maintenance of unsecured loans from the directors, promoters, shareholders and associates as projected to meet with working capital margin, bringing in additional long term funds to meet with time/cost overrun, repayment obligations and projected net working capital, retention net profit after tax and maintain and improve current ratio and debt equity ratio as projected, etc. Further, the default interest payable on the facilities availed by us typically ranges from one per cent to two per cent per annum.
- Pre-payment penalty:** The terms of facilities availed by us typically have prepayment provisions which allow for pre-payment of the outstanding loan amount on giving notice to the concerned lender, subject to such prepayment penalties as laid down in the facility agreements. The prepayment premium for the

facilities availed by us, where specified, is typically two per cent of the principal outstanding.

4. **Validity/Tenor:** The working capital facilities availed by us are available for twelve (12) months, subject to periodic review by the relevant lender. The tenor of the term loans availed by us are for a tenor ranging from five (5) years to eight (8) years and four (4) months.
5. **Repayment:** The working capital facilities availed by us are typically repayable on demand. The term loans and unsecured loans from banks and financial institutions are typically repayable in structured installments. Unsecured loans by way of inter-corporate deposits and loans from promoters and other shareholders are repayable on demand.
6. **Security:** Our Secured borrowings are secured against:
  - i. Pari Pasu 1st Charge by the way of Mortgage over factory land admeasuring 24317 Sq. Mts., Block No. 204 and 205 at Dabhasha, Tal. Padra, Dist – Vadodra along with the construction thereon and by the way of hypothecation on the fixed assets there on.
  - ii. Pari Pasu 1st Charge by the way of Mortgage over factory land admeasuring 123504 Sq. Mts., situated at survey No. 169,170 and 54 at village Mahalev, Talod, Sabarkantha along with the construction thereon and by the way of hypothecation on the fixed assets there on.
  - iii. First Paripasu charge over whole of the Borrower's movable properties, both present and future situated at (a) Plot No.204 and 205, Village Dabhasa, Taluka Padra, Dist. Vadodara; and (b) survey No. 169,170 and 54 at village Mahalev, Talod, Sabarkantha.
  - iv. Second Paripasu charge by way of hypothecation on current assets of the borrower comprising inter-alia of stocks of raw material, semi-finished and finished goods, stores and pares not relating to Plant and Machinery, receivables, book debts and other movables, both present and future situated at (a) Plot No.204 and 205, Village Dabhasa, Taluka Padra, Dist. Vadodara; and (b) survey No. 169,170 and 54 at village Mahalev, Talod, Sabarkantha.
  - v. Primary Charge over the commercial vehicles.  
Equitable Mortgage by various guarantors over their respective immovable properties.
  - vi. Personal Guarantee of:
    1. Mukeshbhai Patel
    2. Kiranbhai Patel.
    3. Dineshbhai Patel.
    4. Rameshbhai Patel.
    5. Mortgagors/Security providers to stand as guarantors to the extent of security provided.
7. **Key Covenants:** Certain of our borrowing arrangements provide for covenants restricting certain corporate actions, and we are required to take the prior approval of the relevant lender before undertaking such corporate actions, such as the following:
  - a) Formulate any scheme of amalgamation or reconstruction or merger or de-merger.
  - b) Undertake any New project or Scheme of expansion or Acquisition of fixed assets if such investment results in breach of financial covenant(s) or diversion of working capital
  - c) Avail funds for financing long term assets.
  - d) Make investment by way of share capital or Loan or Advance funds to or Place deposits with any other concern (including group companies).
  - e) Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated, if any, at the time of sanction.
  - f) Issue any guarantee or Letter of Comfort in the nature of guarantee on behalf of any other company (including group companies).
  - g) Declare dividends for any year except out of profits relating to that year after making all due and



necessary provisions and provided further that no default is subsisting in any repayment obligations to the relevant lender.

- h) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons.
- i) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank. Enter into any contractual obligation of a long term nature (i.e. 2 years or more) or which, in the reasonable assessment of the relevant lender, is an unrelated activity and is detrimental to the relevant lender's interest.
- j) Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions.
- k) Any trading activity other than the sale of products arising out of its own manufacturing operations.
- l) Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter directors (includes key managerial personnel).
- m) Repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans /advances.
- n) Opening of Current Account with another bank or a bank, which is not the relevant lender.
- o) Payment of commission to the guarantor(s) for guaranteeing the credit facilities sanctioned by the relevant lender.
- p) Effect any change in the Company's capital structure where the shareholding of the existing promoter(s) (a) gets diluted below current level or (b) leads to dilution in controlling stake for any reason (whichever is lower).
- q) Pledge the shares of the Promoters of the Company to any Bank/NBFC/institution.
- r) Change the Company's name or registered office or place of business or start any new business.
- s) Amend or modify the Company's Constitutional Documents in any manner whatsoever.
- t) appoint a person as its director who is also a director on the board of any other company, which has been identified as a willful defaulter by any bank or financial institution as per the parameters determined by the RBI from time to time.
- u) make investments in, grant loans to, advance funds to employees and directors, give guarantee on behalf of any person, firm or company, place deposits with any of its affiliate, associate, group company or any other concern, subscribe debentures save and except or which are required to be made statutorily under the Applicable Laws.
- v) enter into any transaction which has the effect of borrowing or creates indebtedness, either secured or unsecured, with any other bank or financial institution or any other person except with trade creditors solely for the purpose of conduct of its business.
- w) change its auditors, except as may be required in terms of the Companies Act, 2013.
- x) radically change its accounting policies/system presently followed by the Borrower.
- y) Convert any debt into equity except as may be permitted in terms of the relevant facility agreement or in terms of existing financing documents of existing lenders.
- z) make any reference and ensure that no reference is made to the National Company Law Tribunal or under any other Applicable Laws which may restrict the enforcement of agreement/contracts against the Company and/or the guarantors or do, commit or omit any act, deed or thing whatsoever so as to result in liquidation or dissolution, as the case may be, of the Company.
- aa) Subscribe the shares and other securities issued by the Company on preferential basis.
- bb) Issue shares or other securities on preferential basis.

- cc) compound or release any of the book-debts/receivable not do anything whereby the recovery of the same may be impeded, delayed or prevented, without the consent in writing of the Lender first had and obtained.
  - dd) allow any receiver to be appointed of the undertaking or of the properties, immovable and movable, of the Borrower mortgaged.
  - ee) accept resignation or change in the status/position and responsibilities of its promoters and directors of the Company. Not recognize or register any transfer of shares in the Company's capital made or to be made by its promoters, their friends or associates.
- 8. Events of Default:** Borrowing arrangements entered into by us, contain standard events of default, including:
- (a) default in payment of interest or installment amount due;
  - (b) non-compliance of financial covenants;
  - (c) any default under any other facility from any bank or financial institution ;
  - (d) cross default with any other financial indebtedness of the borrower/associate/sister concern;
  - (e) any change of ownership, control and/or management of the Company;
  - (f) breach of security arrangements;
  - (g) cessation of all or substantial part of its business;
  - (i) existence of circumstances which in the sole opinion of the lender, jeopardises its interests; and
  - (j) occurrence of a material adverse effect (as defined in the relevant financing document).

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no:*

- (i) *criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoters in the last five financial years, including outstanding action; or (v) Material Litigation (as defined below); involving our Company, Directors and Promoters.*

*Our Board, in its meeting held on February 1, 2021, determined that outstanding legal proceedings involving the Company, its Directors, Promoters and Material Group Companies: (a) where the aggregate amount involved, in such individual litigation exceeds 5% of the profit after tax of our Company, as per last audited financial statements as per the Restated Financial Statements, being ₹ 7.61 million; or (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 5% of the profit after tax of the Company as per the last audited financial statements as per the Restated Financial Information, if similar litigations put together collectively exceed 5% of the profit after tax of the Company as per the last audited financial statements, as per Restated Financial Statements, being ₹ 7.61 million; or (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation (“**Material Litigation**”).*

*Our Board of Directors considers dues owed by our Company to the small scale undertakings and other creditors exceeding 5% of the Company's trade for the last audited financial statements as per the Restated Financial Statements, as material dues for the Company. The trade payables of our Company as on March 31, 2021 was ₹ 508.73 million. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹25.44 million as on March 31, 2021. This materiality threshold has been approved by our Board of Directors pursuant to the resolution passed on February 1, 2021. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.*

*Our Company does not have any Group Companies and therefore, there are no outstanding litigation involving our Group Companies which will have a material impact on our Company.*

***All terms defined in a particular litigation are for that particular litigation only.***

#### **LITIGATION INVOLVING OUR COMPANY**

##### **A. LITIGATION FILED AGAINST OUR COMPANY**

##### **1. Litigation Involving Criminal Matters:**

NIL

##### **2. Litigation Involving Actions by Statutory/Regulatory Authorities:**

NIL

##### **3. Litigation involving Tax Liabilities**

##### **(i) Direct Tax Liabilities**

NIL

(ii) **Indirect Tax Liabilities**

Sr. No	Type of Indirect Tax	No. of Cases	Amount in dispute/demanded (in ₹ million)
1.	Value Added Tax	1	1.26 <sup>(1)</sup>
2.	Central Sales Tax	1	0.07 <sup>(2)</sup>
3.	Value Added Tax	1	11.09 <sup>(3)</sup>
	<b>Total</b>	3	12.42

- (1) The Commercial Commissioner, Vadodara issued an Assessment Order dated March 30, 2015 to the Company inter-alia requiring the Company to pay Value Added Tax of Rs. 12,58,207/- for the period from April 01, 2010 to March 31, 2011. Thereafter, the Deputy State Tax Commissioner, Vadodara issued a Stay Order dated January 03, 2017 until the next hearing. This matter is currently pending.
- (2) The Commercial Commissioner, Vadodara issued an Assessment Order dated March 30, 2015 to the Company inter-alia requiring the Company to pay Central Sales Tax of Rs. 73,932/- for the period from April 01, 2010 to March 31, 2011. This matter is currently pending.
- (3) The Commercial Commissioner, Vadodara issued an Assessment Order dated September 14, 2015 to the Company inter-alia requiring the Company to pay Value Added Tax of Rs. 1,10,88,801/- for the period from April 01, 2011 to March 31, 2012. Thereafter, the Deputy State Tax Commissioner, Vadodara issued a Stay Order dated January 03, 2017 until the next hearing, which shall be held on February 19, 2018. This matter is currently pending. This matter is currently pending.

**4. Other Pending Litigations**

NIL

**B. LITIGATIONS FILED BY OUR COMPANY**

**1. Litigation Involving Criminal Matters:**

Our Company has filed 64 Criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 in relation to dishonor of cheques issued in their favour. Currently, 65 such criminal complaints are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is Rs. 37,346,525/-.

**2. Litigation Involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

(i) **Direct Tax Liabilities**

Sr. No	Type of Direct Tax	No. of Cases	Amount in dispute/demanded (in ₹ million)
1.	Income Tax	4	25.05
	<b>Total</b>	4	25.05

- a) Pursuant to an Assessment Order dated December 26, 2019 (“**Assessment Order2**”), demand notice was issued to the Company for Assessment Year 2013-2014 whereby demand of Rs. 40,64,520 has been levied against the Company vide fresh demand notice dated December 26, 2019 and penalty notice has been issued to the Company on December 26, 2019 under Section 271 (1) (c) of the Act for concealment of income. The Company has preferred an appeal dated January 25, 2020 before the Commissioner of Income Tax (Appeals) (“**CIT-A**”) inter-alia challenging the Assessment Order, demand notice and penalty notice dated December 26, 2019, respectively. The matter is currently pending before the CIT-A.
- b) Pursuant to an Assessment Order dated December 27, 2017 (“**Assessment Order**”) under Section

143 (3) of the Income Tax Act, 1961 (“**the Act**”) passed by the Assessing Officer for the assessment year 2015-2016 read with a notice of demand under Section 156 of the Act, dated December 27, 2017, it was inter alia held that the Company pay a sum of Rs.2,63,78,290/- for the Assessment Year 2015-2016 within 30 (thirty) days of receipt of the said demand notice and penalty proceedings under Section 271 (1) (c) of the Act be initiated against the Company for furnishing inaccurate particulars of income and concealment of income. Thereafter, the Company preferred an appeal dated January 1, 2018 before the Commissioner of Income Tax (Appeals) (“**CIT-A**”) inter-alia challenging the Assessment Order and demand notice. The matter is currently pending before the CIT-A.

- c) Pursuant to an Assessment Order dated December 26, 2019 (“**Assessment Order**”) under Section 143 (3) of the Income Tax Act, 1961 (“**the Act**”) passed by the Assessing Officer for the assessment year 2016-2017 read with a notice of demand under Section 156 of the Act, dated December 2019, it was inter alia held that the Company pay a sum of Rs. 8,73,105/- for the Assessment Year 2016-2017 within 30 (thirty) days of receipt of the said demand notice and penalty proceedings under Section 271 (1) (c) of the Act be initiated against the Company for furnishing inaccurate particulars of income and concealment of income. Thereafter, the Company preferred an appeal dated January 25, 2020 before the Commissioner of Income Tax (Appeals) (“**CIT-A**”) inter-alia challenging the Assessment Order and demand notice. The matter is currently pending before the CIT-A.
- d) Pursuant to an Assessment Order dated December 29, 2019 (“**Assessment Order**”) under Section 143 (3) of the Income Tax Act, 1961 (“**the Act**”) passed by the Assessing Officer for the assessment year 2017-2018 read with a notice of demand under Section 156 of the Act, dated December 29, 2019, it was inter alia held that the Company pay a sum of Rs.1,00,371/- for the Assessment Year 2017-2018 within 30 (thirty) days of receipt of the said demand notice and penalty proceedings under Section 270A of the Act be initiated against the Company for misreporting income. Pursuant to the Assessment Order, a penalty notice dated December 29, 2019, under Section 274 read with Section 270(A) of the Act was also issued to the Company for misreporting income. Thereafter, the Company preferred an appeal dated January 25, 2020 before the Commissioner of Income Tax (Appeals) (“**CIT-A**”) inter-alia challenging the Assessment Order, demand notice and penalty notice. The matter is currently pending before the CIT-A.

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**LITIGATIONS INVOLVING OUR DIRECTORS**

**A. LITIGATIONS FILED AGAINST THE DIRECTORS**

**1. Litigation involving Criminal Matters**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations:**

NIL

**B. LITIGATIONS FILED BY OUR DIRECTORS**

**1. Litigation involving Criminal Matters**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities:**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations:**

NIL

**LITIGATIONS INVOLVING OUR PROMOTERS**

**A. LITIGATIONS FILED AGAINST OUR PROMOTERS**

**1. Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**B. LITIGATIONS FILED BY OUR PROMOTERS**

**1. Litigation involving Criminal Matters:**

NIL

**2. Litigation involving Actions by Statutory/Regulatory Authorities:**

NIL

**3. Litigation Involving Tax Liabilities**

**(i) Direct Tax Liabilities**

NIL

**(ii) Indirect Tax Liabilities**

NIL

**4. Other Pending Litigations**

NIL

**Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Financial Years**

As on the date of this Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against our Promoters in the last five Financial Years including any outstanding action.

**Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006**

As of March 31, 2021, there was 1 (one) case of outstanding dues to the tune of Rs. 887,019/- along with interest thereon to the tune of Rs. 150,499/- to Secure Polymers Private Limited, a micro and small enterprise as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

**Material Creditors of the Company having amount outstanding as on March 31, 2021 being more than 5% of the Company's trade payables as per last audited financial statements of our Company.**

As of March 31, 2021, we had 471 creditors to whom a total amount amounting to ₹ 508.73 Million was outstanding out of which 3 creditors were material creditors in terms of the Materiality Policy and the total amount due to such material creditor was ₹ 106.82 million.

**For further details, please see website at [www.exxarotiles.com](http://www.exxarotiles.com)**

*Information provided on the website of our Company is not a part of this Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at its own risk.*

**Material developments occurring after last balance sheet date**

Except as disclosed elsewhere in this Red Herring Prospectus and in the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 164, there have been no material developments since the date of the last financial statements as disclosed in the Red Herring Prospectus.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*Except as disclosed herein, our Company has obtained all material consents, licenses, registrations, permissions and approvals from the relevant governmental, statutory and regulatory authorities, which are necessary for undertaking their respective business activities and operations. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we make applications for their renewal from time to time. We have set out below a list of material approvals, consents, licences and permissions from various governmental and regulatory authorities obtained by our Company which are considered material and necessary for the purpose of undertaking their business activities and operations. Unless otherwise stated, these approvals are valid as on the date of this Red Herring Prospectus. For details in connection with the regulatory and legal framework within which our Company operates, see “Key Industry Regulations and Policies” on page 131. For Offer related approvals, see “Other Regulatory and Statutory Disclosures” on page 199.*

### I. Approvals pertaining to Incorporation, name and constitution of our Company

1. Certificate of Incorporation dated January 02, 2008 issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli (“RoC”) in the name of “Ricasil Ceramic Industries Private Limited”.
2. Fresh certificate of incorporation dated issued by the RoC dated February 19, 2018, consequent to change of name of the Company from “Ricasil Ceramic Industries Private Limited” to “Exxaro Tiles Private Limited”.
3. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company dated December 28, 2020 issued to our Company by the RoC, Ahmedabad consequent upon change of name of our Company from “Exxaro Tiles Private Limited” to “Exxaro Tiles Limited”
4. The Corporate Identity Number (CIN) of the Company is U26914GJ2008PLC052518.

### II. Material approvals in relation to the operations of our Company

As of the date of the Red Herring Prospectus, we operate two manufacturing facilities in Gujarat, India, located at: (i) Plot No.204-205, Opp. Hanuman Temple, Nr. Mahuwad Turnning, At Dabhasa, Ta: Padra, Vadodara-391440, Gujarat (India) and (ii) Survey No.-169 & 170, At – Mahelav, Post: Motesary, Vavdi – Harsol Road, Ta: Talod, Dist: Sabarkantha – 383 305, Gujarat, India, respectively (collectively the “**manufacturing facilities**”). In addition, we also have 8 other branch and sale offices in various states. We require various approvals, licenses and registrations under several central or state-level acts, rules and regulations to carry on our business and operations. While some licenses are granted to our Company, certain licenses obtained are specific to certain products we manufacture or specific to each facility, on the basis of location as well as the nature of operations carried out at such facilities. Some of the approvals, licenses and registrations that we are required to obtain and maintain may expire in the ordinary course of business and applications for renewal of such approvals are submitted by us in accordance with applicable procedures and requirements.

An indicative list of the key approvals required by us for the business and operation of our manufacturing facilities and other establishments is provided below:

1. Factory licenses under Factories Act, 1948 and relevant state factories rules.
2. Consent to establish, consent to operate and authorization obtained under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and rules thereunder.
3. Weights and Measures Certificate issued under the provisions of the Legal Metrology Act, 2009.
4. Certificate of Permission for installation D.G Set and associated equipment under the Central Electricity Authority (Measures relating to safety& Electric supply), Regulation, 2010.
5. Registration under the Employee Provident Fund and Miscellaneous Provisions Act, 1952.
6. Registration under the Employees State Insurance Act, 1948.
7. Registration under the Contract Labour (Regulation & Abolition) Act, 1970.
8. Registration certificate obtained from relevant state labour department under the shops and establishments act of the relevant states where our Company operates its various establishments, as applicable.



9. Registration as employer and enrollment certificate under the relevant state professions, trade, calling and employment legislation for payment of professional tax in which our other offices/establishments are located.
10. Approvals for obtaining PAN and TAN.
11. Registration for payment of goods and services tax for the relevant States in which our manufacturing facilities and other offices/establishments are located and in the states where our Company operates.
12. Importer – exporter code.
13. Industrial Entrepreneurs Memorandum.

In addition to the approvals mentioned above, we have obtained various test certificates and stability certificates as well as ISO certifications and Certificate of Compliance inter-alia certifying that the Company has been found to be in compliance with the requirements of CPD 89/106/EEC in respect of all kinds of ceramic and vitrified tiles. Our Company has also obtained Certificate of Membership for being a member of the Indian Green Building Council (IGBC).

#### **Material approvals applied for, but not received**

Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central Government or state government authorities for renewal of such material consents, licenses, registrations, permissions and approvals or is in the process of making such applications. The material consents, licenses, registrations, permissions and approvals for which applications have been made by our Company including:

1. Application dated December 2, 2019 made before the Regional Director, Central Ground Water Authority for the renewal of the No Objection Certificate (NOC) for ground water withdrawal.
2. Application dated March 2, 2021 for obtaining NOC/Approval from Fire Department in accordance with the provisions of the Gujarat Fire Prevention and Life Safety Measures Act, 2013 in respect of our manufacturing facilities.

#### **Material approvals not applied for:**

Except as stated below, there are no material consents, licenses, registrations, permissions and approvals for which applications are yet to be made by our Company:

NIL

#### **Intellectual Property**

As on date, our Company has 44 registered trademarks in its name, which are currently operational in India and for which we have obtained valid registration certificates under the Trademarks Act, 1999. Our Company has made one trademark application for the registration of one of its trademarks and the same is pending as on date.

As on date, our Company has 1 copyright registered in its name, which is currently operational in India under the Copyright Act, 1957 for which we have obtained valid registration certificate under the Copyright Act, 1957.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### *Corporate Approvals*

- Our Board has authorised the Offer by a resolution dated January 8, 2021.
- Our Shareholders have authorised the Fresh Issue, pursuant to a special resolution passed on January 18, 2021 under Section 62(1) (c) of the Companies Act 2013.
- The Board has, on July 27, 2021 approved this Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

#### *Approvals from the Selling Shareholder*

The Selling Shareholder has confirmed and authorised the transfer of their respective proportion of the Offered Shares pursuant to the Offer for Sale, as set out below:

S. No.	Name of the Selling Shareholder	No. Of Selling Shareholder Offered Shares	Date of Selling Shareholder Transmittal Letter
1.	Dixitkumar Patel	Upto 2,238,000	January 25, 2021

The Selling Shareholder confirms that, as required under Regulation 8 of the SEBI ICDR Regulations, he has held the Equity Shares proposed to be offered and sold by them in the Offer for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus.

#### *In-principle Listing Approvals*

Our Company has received in-principle approvals from the BSE and NSE for the listing of our Equity Shares pursuant to its letter dated April 1, 2021 and May 3, 2021, respectively.

### Prohibition by the SEBI, the RBI or Governmental Authorities

Our Company, our Directors, our Promoter, Promoter Group, Directors, persons in control of our Company and companies or entities with which our Company's Directors are associated as Directors / Promoters / partners and the Selling Shareholder are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other securities market regulator or Governmental Authority in any other jurisdiction or any other authority/court. The listing of any securities of our Company has never been refused at any time by any of the Stock Exchange in India. There are no violations of securities laws committed by them in the past or are pending against them.

Neither our Promoter nor our Directors are promoters or directors of companies, which are debarred from accessing the capital markets by the SEBI.

None of our Directors are, in any manner, associated with the securities market. Further, there are no outstanding actions initiated by SEBI against any of our Directors, in the past five years.

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.

Our Promoter or Directors have not been declared as Fugitive Economic Offenders.

Neither our Company nor our Directors have been declared as a wilful defaulter, as defined under the SEBI ICDR Regulations.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018 and amendments thereof

Our Company, our Promoter, member of Promoter Group and the Selling Shareholder confirm that they are in

compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to them, as on the date of this Red Herring Prospectus.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis; and
- The name of our Company was changed to Exxaro Tiles Limited pursuant to a special resolution passed by our Shareholders at the EGM held on December 9, 2020. However, there has not been any corresponding change in the business activities of our Company. For details of changes in the name of our Company, refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page 137 of this RHP.

Company’s net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Financial Information included in this Red Herring Prospectus for the last three Fiscals ended March 31, 2021, 2020 and 2019 are set forth below:

<i>(in ₹ Millions)</i>			
Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net tangible assets, as restated	1,360.38	1,207.39	1094.08
Monetary assets, as restated	53.12	35.40	44.93
Monetary assets, as a percentage of net tangible assets, as restated	3.90%	2.93%	4.11%
Pre-tax operating profit, as Restated	337.12	286.65	237.48
Net worth, as restated	1,281.86	1,128.87	1,016.06

#### Notes:

- ‘Net tangible assets’ means the sum of all financial and non-financial assets less intangible assets (including intangible assets under development) less sum of all financial and non-financial liabilities.
- Monetary assets represent the sum of current and non-current cash and bank balance.
- Net worth’ means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. It may be noted that equity component of financial instruments is excluded while calculating Networth of the Company.
- Pre-Tax Operating Profit has been calculated as profit before tax excluding other income, finance costs and exceptional items.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulations 5(1) and 7(1) of the SEBI ICDR Regulations to the extent applicable.

#### **Disclaimer Clauses**

##### **DISCLAIMER CLAUSE OF THE SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. 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 THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 15, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 BRLM, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.**

##### **Disclaimer from our Company, our Directors, the Selling Shareholder and the BRLM**

Our Company, our Directors, the Selling Shareholder and the BRLM 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.exxarotiles.com](http://www.exxarotiles.com), or any website of any affiliate of our Company, any of the Group Companies or any of the Selling Shareholder, would be doing so at his or her own risk. It is clarified that neither the Selling Shareholder, nor their affiliates, associates and officers, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Selling Shareholder in relation to itself and/or the Equity Shares offered by him through the Offer for Sale.

The BRLM 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 Shareholder and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company, the Selling Shareholder 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; the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-

compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

### **Caution**

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, 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 offer 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 Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Companies, the Selling Shareholder and their respective 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 Shareholder and their respective 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, Hindu Undivided Families (“HUFs”), companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other applicable trust laws, and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible NRIs, Alternative Investment Funds (“AIFs”), Foreign Portfolio Investors registered with SEBI (“FPIs”) and QIBs. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction 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 Mumbai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby 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 offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholder from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales occur.**

**Each purchaser of the Equity Shares in the Offer in India shall be deemed to:**

- represent and warrant to our Company, the Selling Shareholder, the BRLM and the Syndicate Members that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares was originated.
- represent and warrant to our Company, the Selling Shareholder, the BRLM and the Syndicate Members that it did not purchase the Equity Shares as result of any “directed selling efforts” (as defined in Regulation S).
- represent and warrant to our Company, the Selling Shareholder, the BRLM and the Syndicate Members that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.
- represent and warrant to our Company, the Selling Shareholder, the BRLM and the Syndicate Members that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- represent and warrant to our Company, the Selling Shareholder, the BRLM and the Syndicate Members that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorized in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.
- agree to indemnify and hold the Company, the Selling Shareholder, the BRLM and the Syndicate Members harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- acknowledge that our Company, the Selling Shareholder, the BRLM, the Syndicate Members and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

**Disclaimer Clause of the BSE**

BSE Limited (“**the Exchange**”) has given vide its letter dated April 1, 2021 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 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/981 dated May 03, 2021 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.

## Listing

Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer and BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalised for the Offer. Our existing Equity Shares are not listed on any Stock Exchanges in India.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within 6 (six) Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. If our Company does not allot Equity Shares pursuant to the Offer within 6 (six) Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. However, the Selling Shareholder shall not be liable to pay and / or reimburse any expenses towards refund or any interest thereon in respect to Allotment of their respective proportion of the Offered Shares or otherwise, unless the failure or default or delay, as the case may be, is solely on account of such Selling Shareholder and such liability shall be limited to the extent of their respective Offered Shares.

## Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447”*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Consents**

Consents in writing of: the Selling Shareholder, our Directors, the Company Secretary and Compliance Officer, Chief Financial Officer, the legal counsel, the bankers to our Company, industry sources, independent chartered accountants, the BRLM and Registrar to the Offer, the Syndicate Members, Bankers to the Offer/Escrow Bank, Public Offer Account Bank, Sponsor Bank and Refund Bank to act in their respective capacities as well as the consent of the Monitoring Agency have been obtained. Our Company has received consent of our Statutory Auditors, who hold a valid peer review certificate, to include their name as required under Section 26(5) of the Companies Act 2013 in this Red Herring Prospectus.

The said consents will be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Ahmedabad, as required under the Companies Act, 2013 and such consents have not been withdrawn upto the time of delivery of this Red Herring Prospectus, for registration with the Registrar of Companies, Ahmedabad.

## **Experts**

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

Our Company has received written consent from the Statutory Auditor, who holds a valid peer review certificate, to include its name as required under Section 26(5) of the Companies Act, 2013 in this RHP and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated July 8, 2021 of the Auditor on the Restated Financial Information of our Company, as at and for Fiscals 2021, 2020 and 2019 and the Statement of Special Tax Benefits dated March 13, 2021, included in this RHP and such consents have not been withdrawn as on the date of this RHP.

## **Previous Public or Rights Issues in the last 5 years**

Our Company has not made any public or rights issue in the last 5 years.

## **Commission or Brokerage on Previous Issues in the Last Five Years**

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares in the five years.

## **Capital Issues in the Preceding Three Years**

Except as disclosed in “*Capital Structure - Share capital History of our Company*” on page 64, our Company has not made any capital issues during the three years immediately preceding the date of this Red Herring Prospectus.

There have been no capital issues by any of our Group Companies during last 3 years. There are no other listed companies under the same management at present or during the last three years.

## **Performance vis-à-vis Objects**

Our Company has not undertaken any public issues, including any rights issues to the public in the 5 years immediately preceding the date of this Red Herring Prospectus.

## **Performance vis- à-vis Objects: Last Issue of Subsidiaries/Promoters and Group Companies**

Our Company does not have any subsidiaries or listed promoters and none of our Group Companies have made any public issues, including rights issues to the public in the 5 years immediately preceding the date of this Red Herring Prospectus.

The price information of past issues handled by Pantomath Capital Advisors Private Limited is as follows:



## DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED

Sr. No	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Deccan Health Care Limited	42.12	100.00	December 31, 2018	108.00	28.40% (-1.32%)	7.05% (7.22%)	-10.55% (9.22%)
2.	Surani Steel Tubes Limited	12.92	52.00	February 06, 2019	53.10	-4.81% (-0.04%)	-7.69% (4.84%)	-19.33% (-0.59%)
3.	Ritco Logistics Limited	48.18	73.00	February 07, 2019	77.40	-5.00% (-0.81%)	-3.49% (3.53%)	-8.70% (-0.73%)
4.	Artedz Fabs Limited	8.32	36.00	March 29, 2019	40.00	5.56% (1.12%)	-9.44% (1.92%)	-34.17% (-0.31%)
5.	Par Drugs and Chemicals Limited	8.53	51.00	May 16, 2019	52.90	-6.47% (5.03%)	-7.84% (-2.94%)	-11.96% (5.83%)
6.	Suich Industries Limited	30.86	75.00	June 13, 2019	68.50	-42.00% (-2.53%)	-61.93% (-6.53%)	-80.67% (1.88%)
7.	Gensol Engineering Limited	17.93	83.00	October 15, 2019	85.40	0.06% (4.18%)	0.06% (8.03%)	2.41% (-22.37%)
8.	Mangalam Global Enterprises Limited	21.57	51.00	November 27, 2019	53.00	1.96% (0.21%)	5.10% (-2.24%)	Not Available*
9.	Madhav Copper Limited (FPO)	25.50	102.00	February 06, 2020	102.00	-23.04% (-9.46)	Not Available*	Not Available*
10.	V-Marc India Limited	23.40	39.00	April 9, 2021	46.50	-15.48 % (-0.08%)	-31.08 % (7.04%)	Not Available

*\*Since, Mangalam Global Enterprises Limited and Madhav Copper Limited are migrated from SME platform to Main board platform, historical price of such scripts are not available.*

Note:

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index.
2. Prices on BSE/NSE are considered for all of the above calculations.
3. In case the 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is a holiday, closing price on BSE/NSE of the previous trading day has been considered.
4. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> days, scrips are not traded then closing price on BSE/NSE of the previous trading day has been considered.

### SUMMARY STATEMENT OF DISCLOSURE

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30th Calendar day from listing date			Nos of IPOs trading at discount on 180th Calendar day from listing date			Nos of IPOs trading at premium on 180th Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
19-20	*4\$	78.89	-	1	1	-	-	2	1	-	1	-	-	1
20-21	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21-22	**1	23.40	-	-	1	-	-	-	-	-	-	-	-	-

\*The script of Par Drugs and Chemicals Limited, Suich Industries Limited, Gensol Engineering Limited, Mangalam Global Enterprises Limited were listed on May 16, 2019, June 13, 2019, October 15, 2019 and November 27, 2019 respectively.

\$ The share price of Mangalam Global Enterprises Limited is not available as of 180<sup>th</sup> day as the same has been migrated from sme platform to main board platform.

# As on 30<sup>th</sup> trading day the closing price of the script Ganga Forging Limited was at par with the issue price. Hence it is not considered for counting the numbers of IPOs trading at discount and premium.

\*\* The Script of V-Marc India Limited was listed on April 9, 2021.

**Note:** Madhav Copper Limited is Further Public Offering lead managed by Pantomath Capital Advisors Private Limited in the Financial Year 2019-2020 and the same has not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.

### Track record of past issues handled by the BRLM

For details regarding the track record of the Managers, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLM, as set forth in the table below:

Sr. No.	Name of the Manager	Website
1.	Pantomath Capital Advisors Private Limited	www.pantomathgroup.com

### Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

### Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer and our Company and the Selling Shareholder dated February 6, 2021 provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors can contact the Company Secretary and Compliance Officer, the BRLM 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 orders or non-receipt of funds by electronic mode, etc.

All grievances, other than of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name of the sole or First Bidder, ASBA Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of ASBA Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLM. All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the Sole Bidder or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partiallyallotted applications for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 per day or 15% per annum of the application amount for the period of such delay, which period shall start from the day following the receipt of a complaint from the investor.

Our Company, the BRLM and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of any SCSB, Registered broker, Syndicate member, RTA or CDP including any defaults in complying with its obligations under the SEBI ICDR Regulations.

## **Disposal of Investor Grievances by our Company**

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be seven 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 appointed Mr. Paras Shah, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

### **Mr. Paras Shah**

Survey No. 169 & 170,  
Vavdi Harsol Road,  
At & Po.: Mahelav,  
Taluka: Talod,  
District.: Sabarkantha - 383 305,  
Gujarat, India  
**Tel No.:** +02772-350555  
**Email:** [cs@exxarotiles.com](mailto:cs@exxarotiles.com)

The Selling Shareholder has authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of their respective portion of the Offered Shares.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Further, our Board has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "*Our Management*" on page 141. Our Company has not received any investor grievances during the three years preceding the date of this Red Herring Prospectus and as on date, there are no investor complaints pending.

## **Outstanding Debentures, Bonds or Redeemable Preference Shares**

Except as disclosed in the chapter titled "*Capital Structure*" on page 63, our Company does not have any outstanding debentures, bonds or redeemable preference shares, as on the date of this Red Herring Prospectus.

## **Partly Paid-Up Shares**

As on the date of this Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

## **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement. For details of the Offer expenses, please refer to the chapter titled "*Objects of the Offer*" on page 85.

## **Commission payable to SCSBs, Registered Brokers, CRTAs and CDPs**

For details of the commission payable to SCBS, Registered Brokers, CRTAs and CDPs, please refer to the chapter titled "*Objects of the Offer*" on page 85.

## **Disposal of investor grievances by listed Group Companies**

As on the date of this Red Herring Prospectus, we do not have any listed Group Companies.

## **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the five years immediately preceding the date of this Red Herring Prospectus.

## **Revaluation of Assets**

Our Company has not revalued its assets since its incorporation.

## SECTION VII – OFFER RELATED INFORMATION

### TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the abridged prospectus, any addendum/corrigendum thereto, Bid-cum-Application Form, the Revision Form, Anchor Investor Allocation Notice, the Confirmation of Allocation Note, the Allotment Advice, SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, the RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by SEBI, RBI and/or any regulatory authority while granting approval for the Offer.

#### Ranking of Equity Shares

The Equity Shares being offered and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI Listing Regulations, SEBI ICDR Regulations, SCRA read with SCRR, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment/transfer in accordance with the provisions of the Companies Act, 2013 and the Articles of Association. For further details, please refer to chapter titled “*Main Provisions of Articles of Association*” beginning on page 240 of the RHP.

#### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, our Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the Government of India in this respect. Any dividends declared, after the date of Allotment (including pursuant to the transfer of Equity Shares in the Offer for Sale) in this Offer, will be received by the Allottees. For more information, please refer to the chapter titled “*Dividend Policy*” and “*Main Provisions of Articles of Association*” on pages 159 and 240, respectively.

#### Face Value Offer Price and Price Band

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. At any given point in time there will be only one denomination for the Equity Shares.

The Price Band, the minimum Bid Lot and the Employee Discount, if any, will be decided by our Company and the Selling Shareholder in consultation with the BRLM, and published by our Company in English edition of Business Standard (a widely circulated English national daily newspaper), Hindi edition of Business Standard (a widely circulated Hindi national daily newspaper) and Gujarati edition of Gujarat Today (a widely circulated Gujarati daily newspaper, Gujarati being the regional language in the place where our Registered Office is located) at least two Working Days prior to the Bid/Offer Opening Date, in, 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 at the respective websites of the Stock Exchanges.

#### 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 Shareholders shall have the following rights:

- Right to receive dividend, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act and e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and foreign exchange regulations and other applicable law; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s), SEBI LODR Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, please refer to chapter titled “*Main Provisions of Articles of Association*” beginning on page 240 of the RHP.

### **Option to receive Equity Shares in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all Bidders.

In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated January 28, 2021 among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated January 13, 2021 among CDSL, our Company and Registrar to the Offer.

### **Market Lot and Trading Lot**

Since trading of our Equity Shares is in dematerialised form, the tradable lot is 1 (one) Equity Share. Allocation and Allotment in the Offer will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, please refer to the chapter titled “*Offer Procedure*” on page 219.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-owners with benefits of survivorship.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai, Maharashtra.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (“Securities Act”) and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

### **Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act read with Companies (Share Capital and Debentures) Rules, 2014, as amended, 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 or 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.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participants.

#### **Bid/Offer Period**

<b>BID/OFFER OPENS ON*</b>	August 4, 2021
<b>BID/OFFER CLOSES ON**</b>	August 6, 2021

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

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

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

<b>BID/OFFER CLOSING DATE</b>	August 6, 2021
<b>FINALISATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE.</b>	On or about August 11, 2021
<b>INITIATION OF REFUNDS FOR ANCHOR INVESTORS/UNBLOCKING OF FUNDS FROM ASBAACCOUNT*</b>	On or about August 12, 2021
<b>CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS</b>	On or about August 13, 2021
<b>COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE</b>	On or about August 17, 2021

\* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the application amount for the period of such delay by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the investor. The Book Running Lead Manager shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLM.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such period as may be prescribed, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the 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. The Selling Shareholder confirms that he shall extend reasonable co-operation required by our Company and the BRLM for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed.

SEBI is in the process of streamlining and reducing the post Offer timeline for IPOs. Any circulars or notifications from SEBI after the date of this Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

**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 Investors and Eligible Employees Bidding under the Employee Reservation Portion.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Investors and Eligible Employees Bidding under the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked in the relevant ASBA Account, 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. 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 the Offer. Bids will be accepted only during Working Days. None of our Company, the Selling Shareholder or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism.

Our Company and the Selling Shareholder in consultation with the BRLM, reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price may 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 Shares. In all circumstances, the Cap price shall be less than or equal to 120% of the Floor Price.

**In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the 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 public notice, and also by indicating the change on the respective websites of the BRLM and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.**



### **Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Issue; and (ii) a subscription in the Offer equivalent to at least 25% post-Issue paid up Equity Share capital of our Company, the minimum number of securities as specified under Rule 19(2)(b)(i) of the SCRR, on account of withdrawal of applications, or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the securities so offered under the Red Herring Prospectus, including devolvement of Underwriters, if any, within ten (10) days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received, no later than 15 days from the closure of the Offer in accordance with Regulation 45 of the SEBI ICDR Regulations. If there is a delay beyond 15 days after the Company becoming liable to repay the subscription amount, the Company and every director of the Company who are the officers in default, shall pay interest at the rate of 15 per cent per annum for the delayed period, and our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000.

The requirement for minimum subscription is not applicable for the Offer for Sale. In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order:

- such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;

if there remain any balance valid Bids in the Offer, the Offered Shares will be Allotted, in proportion to the number of Equity Shares offered by the Selling Shareholder, in a pro-rata manner and only then, towards the balance Fresh Issue.

It is clarified that, subject to applicable laws, the Selling Shareholder shall not be liable to pay any amounts as interest for any delay, unless such default or delay is solely and directly attributable to an act or omission of such Selling Shareholder.

### **Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only, the market lot of our Equity Shares will be one, no arrangements for disposal of odd lots are required.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for (a) the lock-in of the pre-Offer capital of our Company and the Promoters' minimum Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 63; and (b) otherwise provided in our Articles of Association, as described in the chapter titled "*Main Provisions of the Articles of Association*" beginning on page 240, there are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting.

### **New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

## OFFER STRUCTURE

The Offer is up to 13,424,000 Equity Shares of face value of ₹ 10 each, for cash at a price of ₹ [●] per equity share comprising a Fresh Issue of upto 111,86,000 Equity Shares, aggregating up to ₹ [●] million by our Company and an Offer for Sale of up to 22,38,000 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholder.

The Offer includes a reservation of up to 268,500 Equity Shares aggregating to ₹ [●] million for subscription by Eligible Employees. The Offer and the Net Offer shall constitute [●]% and [●]% respectively, of the post-offer paid-up Equity Share capital of our Company.

Particulars	Eligible Employees <sup>#</sup>	QIBs <sup>(1)</sup>	Non-Institutional Retail Individual Bidders	Retail Individual Investors
Number of Equity Shares available for Allotment or allocation <sup>*(2)</sup>	Not more than [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RII	Not less than [●] Equity Shares Available for allocation or Net Offer less allocation to QIB Bidders and Non- Institutional Bidders.
Percentage of Offer Size available for Allotment or allocation	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company.	Not more than 25% of the Net Offer being available for allocation to QIB Bidders. However, up to 5% of the QIB 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 QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and RII	Not less than 40% of the Net Offer or the Net Offer less allocation to, QIB Bidders and Non-Institutional Bidders.
Basis of Allotment if respective category is oversubscribed*	Proportionate; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall	Proportionate as follows (excluding the Anchor Investor Portion): a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual	Proportionate	The allotment to each RII shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity

Particulars	Eligible Employees <sup>#</sup>	QIBs <sup>(1)</sup>	Non-Institutional Retail Individual Bidders	Retail Individual Investors
	not exceed ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be Allotted, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000.00 each	Funds only; and b) up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.  Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.		Shares if any, shall be Allotted on a proportionate basis. For further details, please refer to chapter titled “Offer Procedure” on page 219.
Mode of Bid	Through ASBA Process only (except in case of Anchor Investors)			
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount by each Eligible Employee in this portion does not exceed ₹500,000.00, less Employee Discount, if any.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer, (excluding the QIB Portion) subject to limits applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialised form			
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>(3)</sup>	Eligible Employees (such that the	Public financial institutions of the Companies Act,	Resident Indian individuals, Eligible NRIs, HUFs (in the	Resident Indian individuals, Eligible NRIs and HUFs (in

Particulars	Eligible Employees <sup>#</sup>	QIBs <sup>(1)</sup>	Non-Institutional Retail Individual Bidders	Retail Individual Investors
	Bid Amount does not exceed ₹ 500,000.00)	scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	name of the karta), companies, corporate bodies, scientific institutions, societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices which are re-categorised as Category II FPIs and registered with SEBI.	the name of the karta)
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids <sup>(4)</sup></p> <p><b>In case of all other Bidders <sup>(5)</sup>:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors), or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form</p>			

\* Assuming full subscription in the Offer.

<sup>#</sup> Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹ 500,000.00. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 200,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

<sup>(1)</sup> Our Company and the Selling Shareholder may, in consultation with the BRLM, allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million or part thereof will be permitted, subject to minimum allotment of ₹50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100.00 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by the Company and the Selling Shareholder in consultation with the BRLM.

*(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) of the SCRR and Regulation 6(1) of the SEBI ICDR Regulations.*

*(3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

*(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the CAN.*

*(5) Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

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 and the Selling Shareholder in consultation with the BRLM and the Designated Stock Exchange

### **Employee Discount**

Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, if any, at the time of making a Bid.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholder, in consultation with the BRLM, reserves 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 BRLM, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIIs using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders and the BRLM shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, 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, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days of the Bid/Offer Closing Date or such other time period as prescribed under Applicable Law. If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

## OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment Instructions for Bidders applying through the ASBA process and Retail Individual Bidders applying through the UPI mechanism under the ASBA process; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“UPI Phase I”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”), with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II had been extended until March 31, 2020. However, due to the outbreak of COVID-19 pandemic, UPI Phase II has been further extended by SEBI until further notice, by its circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020. Thereafter, the final reduced timeline of T+3 days may be made effective using the UPI Mechanism for applications by Retail Individual Investors (“UPI Phase III”), as may be prescribed by SEBI. Accordingly, the Offer has been considered to be made under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular are deemed to form part of this Red Herring Prospectus.*

*Our Company, the Selling Shareholder and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus and the Red Herring Prospects. 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 Equity Shares that can be held by them under applicable law or as specified in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus.*

*Further, our Company, the Selling Shareholder and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.*

## Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 25% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholder may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 40% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Furthermore, up to 268,500 Equity Shares shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion (which shall not exceed 5% of the post-Offer Equity of the Company), subject to valid Bids being received at or above the Offer Price, net of Employee Discount, if any.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category including Employee Reservation Portion, except 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 our Company and the Selling Shareholder in consultation with the BRLM, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(i) of the SCRR, the Net Offer will constitute at least 25% of the post Offer paid-up Equity Share capital of our Company.

The Equity Shares, on Allotment, shall be traded only in the dematerialised 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, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.**

## Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia* equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIIs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in English editions of Business Standard, Hindi editions of Business Standard and Gujarati edition of Gujarat Today (which are widely circulated English, Hindi and Gujarati newspapers, Gujarati being the regional language of Gujarat, where our Registered Office is located) on or prior to the Bid/ Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering the facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the Retail Individual Investors using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLM.

### **Electronic registration of Bids**

- a) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges.
- b) 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 online facilities for Book Building on a regular basis before the closure of the Offer.
- c) 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.
- d) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchanges' Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.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 either (i) the bank account details or authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

- (i) RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (ii) RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (iii) QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.



For Anchor Investors, the Anchor Investor Application Form will be available at the office of the BRLM. The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors^^	White
Eligible Employees bidding in the Employee Reservation Portion#	Pink

\*Excluding the electronic Bid cum Application Form

^Electronic Bid cum Application Form will be made available for download on the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com)

^^Bid cum Application Forms for Anchor Investors were made available at the office of the BRLM.

#Bid cum Application Forms for Eligible Employees shall be available at the Registered Office of the Company

The relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIIs using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

In case of ASBA forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges.

For RIIs Bidding using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs, for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIIs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the Managers for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

For ASBA Forms (other than RIIs Bidding using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in**

**‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occurs.**

**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.**

#### **Participation by the BRLM, the Syndicate Members and their associates and affiliates**

The BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their respective underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLM nor any persons related to the BRLM can apply in the Offer under the Anchor Investor Portion:

- (i) mutual funds sponsored by entities which are associate of the BRLM;
- (ii) insurance companies promoted by entities which are associate of the BRLM;
- (iii) AIFs sponsored by the entities which are associate of the BRLM;
- (iv) FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLM.

Further, an Anchor Investor shall be deemed to be an “associate of the BRLM” if:

- (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or
- (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or
- (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLM.

Further, the Promoter and Promoter Group shall not participate by applying for Equity Shares in the Offer. Further, persons related to the Promoter and Promoter Group shall not 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 with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of our Company’s paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident forms should authorise their SCSB to block their Non-Resident External (“NRE”) accounts (including UPI ID, if activated), or Foreign Currency

Non- Resident (“**FCNR**”) accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using resident forms should authorise 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.

Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer.

In case of Eligible NRIs bidding under the Retail Category through the UPI mechanism, depending on the nature of the investment whether repatriable or non-repatriable, the Eligible NRI may mention the appropriate UPI ID in respect of the NRE account or the NRO account, in the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non- Residents (blue in colour). For details of restrictions on investment by NRIs, please refer to the chapter titled “Restrictions on Foreign Ownership of Indian Securities” beginning on 239 289.

### **Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs may be considered at par with Bids from individuals.

### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI including its investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our total paid-up Equity Share capital on a fully diluted basis.

If the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. With effect from the April 1, 2020, the aggregate limit of investments by FPI is as per the sectoral caps applicable to the Indian company (i.e. 100%) as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. While the aggregate limit as provided above could have been decreased by the Indian company concerned to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit.

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.

As specified in 4.1.4.2 (b)(i) and 4.1.4.2 (c)(iv) of the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilise the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (“**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilise the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilise the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to be rejected.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, 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 in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such

offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- (a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules, amended from time to time.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Pursuant to the repeal of the SEBI VCF Regulations, 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 and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholder, and the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules, amended from time to time.

**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.**

**Our Company, the Selling Shareholder or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

#### **Bids by Eligible Employees**

Bids under Employee Reservation Portion by Eligible Employees shall be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- (b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid amounting up to ₹ 200,000 (net of Employee Discount, if any). In the event of any under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees, who have bid in excess of ₹ 200,000 (net of Employee Discount), provided however that the maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000 (which will be less Employee Discount, if any).
- (c) The Bidder should be an Eligible Employee as defined above in the RHP in order to be eligible to apply in this Offer under the Employee Reservation Portion. In case of joint bids, the first Bidder shall be an Eligible Employee.
- (d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any, would

be considered for Allotment under this category.

- (e) Eligible Employees can apply at Cut-off Price.
- (f) Eligible Employees shall not Bid through the UPI mechanism.
- (g) Bid by Eligible Employees can be made also in the “Net Offer to the Public” and such Bids shall not be treated as multiple Bids.
- (h) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (i) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Offer constituting 10% of the post-Offer share capital of our Company. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Employee Discount may be offered to Eligible Employees bidding in the Employee Reservation Portion.

### **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 Selling Shareholder in consultation with the BRLM reserve 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 the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law.

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 Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company. Further, a banking company is restricted from holding more than 10% of its own paid-up share capital not being its subsidiary engaged in non-financial services or 10 per cent of the bank’s paid up capital and reserve, whichever is lower. Further, the aggregate equity investment by a banking company in all subsidiaries and other entities engaged in financial services company and non-financial services, including overseas investments cannot exceed 20% of the investee company’s paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank’s interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company’s paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended (the “**IRDAI Investment Regulations**”), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of (i) an amount of 10% of the investment assets of a life insurer or general insurer excluding fair value change of certain investment assets as prescribed under the IRDAI Investment Regulations, and (ii) the aggregate amount of investment in debt and investment in equity as calculated under (a), (b) and (c) below, as the case may be.

- (i) *Limit for the investee company:* (i) 10%\* of the outstanding equity shares (face value); or (ii) 10% of the such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or 10% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be, whichever is lower;
- (ii) *Limit for the entire group of the investee company:* Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be; and
- (iii) *Limit for the industry sector to which the investee company belongs:* Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be.

*\* The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250 million, subject to applicable law, 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 Selling Shareholder, in consultation with the BRLM reserve the right to reject any Bid, without assigning any reason thereof.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor, and (iv) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**The information set out above is given for the benefit of the Bidders. Our Company, the Selling Shareholder, and the BRLM are not liable for any amendments or modification or changes to 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 regulations, or as specified in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus.**

#### **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, Government of India, Systemically Important Non-Banking Financial Company 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 Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Selling Shareholder in consultation with the BRLM, 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, subject to such terms and conditions that our Company and Selling Shareholder in consultation with the BRLM, may deem fit.

#### **Bids by Anchor Investors**

- (a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLM.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100.00 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.
- (e) Our Company and the Selling Shareholder, in consultation with the BRLM may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (i) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
  - (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
  - (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLM before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLM nor any associate of the BRLM (except Mutual Funds sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associate of BRLM or AIFs sponsored by the entities which are associate of the BRLM or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLM) nor any person related to the promoter/promoter group/ shall apply in the Offer under the Anchor Investor Portion. For details, please refer to the section titled "*Participation by the BRLM, the Syndicate Members and their associates and affiliates*" on page 223.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus.**

**(l) In accordance with RBI regulations, OCBs cannot participate in the Offer.**

#### **General Instructions**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

#### **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 (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) and PAN 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 relevant Bidding Centre (except in case of electronic Bids) within the prescribed time;
6. RIIs Bidding in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (only for RIIs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;
8. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;



9. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. 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 in the form of a counterfoil 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 circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, and (iii) persons/entities exempt from holding a PAN under applicable law, 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 beneficial 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 in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
15. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;
16. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
17. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.
18. Since the Allotment will be in dematerialised form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for RIIs bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for RIIs bidding through UPI Mechanism) 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, UPI ID (for RIIs bidding through UPI Mechanism) and PAN available in the Depository database;
19. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [http:// www.sebi.gov.in](http://www.sebi.gov.in));
20. 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 or the Sponsor Bank, as applicable, 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. In case of RIIs Bidding through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

21. Ensure that the Demographic Details are updated, true and correct in all respects;
22. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;
23. Bidders (except RIIs Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIIs, once the Sponsor Bank issues the Mandate Request, the RIIs would be required to proceed to authorise the blocking of funds by confirming or accepting the UPI Mandate Request to authorise the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
24. Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, a RII Bidding through UPI Mechanism shall be deemed to have verified the attachment containing the application details of the RII Bidding through UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank issue a request to block the Bid Amount specified in the Bid cum Application Form in his/her ASBA Account;
25. RIIs bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;
26. RIIs using the UPI Mechanism who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner.
27. Bids by Eligible NRIs HUFs and any individuals, corporate bodies and family offices which are recategorised as Category II FPI and registered with SEBI for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer; and
28. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLM.

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 Lot;
2. Do not submit a Bid using UPI ID, if you are not a RII;
3. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Investors and ₹500,000 for Bids by Eligible Employees;
4. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
5. Do not Bid/revise the Bid amount to less than the floor price or higher than the cap price;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not submit the Bid for an amount more than funds available in your ASBA account;

11. 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;
12. 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;
13. 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);
14. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
15. Do not Bid for Equity Shares more than specified by the respective Stock Exchanges for each category;
16. In case of ASBA Bidders (other than RIIs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;
17. If you are RII and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
18. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;
19. Anchor Investors should not bid through the ASBA process;
20. Do not submit the Bid cum Application Form to any non-SCSB bank or our Company;
21. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not submit the GIR number instead of the PAN;
23. Anchor Investors should submit Anchor Investor Application Form only to the BRLM;
24. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;
25. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date;
26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Investors and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
27. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are RII and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
28. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details if you are a RII Bidding through the UPI Mechanism. Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified to the Registrar to the Offer;
29. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA account;
30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIIs using the UPI Mechanism;
31. RIIs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a banks which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

32. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIIs Bidding using the UPI Mechanism.
33. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Grounds for Technical Rejections**

Bidders are advised to note that the Bids are liable to be rejected, inter-alia, on the following technical grounds:

- The amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- Bid 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);
- PAN not mentioned in the Bid cum Application Form except for Bids 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;
- GIR number has been furnished instead of PAN.
- Bids for a lower number of Equity Shares than the minimum specified for that category of investors;
- Bids made using a third party ASBA account;
- Bids by RIIs made using the UPI Mechanism by using a third party ASBA Account;
- In case of joint Bids, submission of Bid cum Application Forms using second or third party's UPI ID or ASBA Account;
- Submission of more than one Bid cum Application Form per ASBA Account number or UPI ID, as applicable, as mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price & Bids at a price more than the Cap Price;
- Bids at Cut-off Price by NIIs and QIBs;
- Bids for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;
- Category not ticked;
- Multiple Bids as defined in the RHP/Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Offer Opening Date advertisement and RHP as per the instructions in the RHP and Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- DP ID and Client ID not mentioned in the Bid cum Application Form;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by OCBs;
- Bids by US person other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the US Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected.

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals.
- ASBA Account number or UPI ID not mentioned or incorrectly mentioned in the Bid cum Application Form
- Bank account mentioned in the Bid cum Application Form (in case of Bidders other than RIIs bidding through the UPI mechanism) may not be an account maintained by SCSB.
- Inadequate funds in the ASBA Account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the respective ASBA Account;
- In case of Anchor Investors, Bids where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- Where no confirmation is received from SCSB or the Sponsor Bank, as the case may be, for blocking of funds;
- Bids by Bidders, other than Retail Individual Investors, not submitted through ASBA process and Bids by Retail Individual Investors not submitted through ASBA process or the UPI Mechanism available under the ASBA process;
- Failure of Retail Individual Investors to validate the UPI mandate request for blocking of Bid amount sent by the Sponsor Bank;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form;
- Details of ASBA Account not provided in the Bid cum Application form;
- In case of Retail Individual Investors applying through the UPI Mechanism, details of UPI ID, not provided in the Bid cum Application Form;
- The original Bid is made using the UPI Mechanism and revision(s) to the Bid is made using ASBA either physically or online through the SCSB, and *vice versa*;
- Bidders are required to enter either the ASBA account details or the UPI ID in the Bid cum Application Form. In case the Bidder doesn't provide any of the ASBA account details or the UPI ID then the application would be rejected. For Bids submitted to the relevant intermediaries (other than SCSBs), a Retail Individual Investor providing both the ASBA account details as well as the UPI ID, the relevant intermediaries may at their discretion and in consultation with the BRLM, consider either the UPI ID/ ASBA account details for processing of the Bid;
- RIIs shall ensure that the bank, with which it has its bank account, where the funds equivalent to the Bid amount is available for blocking has been notified as Issuer Banks for UPI. A list of such banks is available at
- <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
- In case of revision of Bids by RIIs, if the UPI Mandate Request for the revised Bid is not approved, the Bid is liable to be rejected.

For further details of grounds for technical rejections of a Bid cum Application Form, please refer to the General Information Document and UPI Circulars.

For details of instruction in relation to the Bid cum Application Form, please refer to the General Information Document and UPI Circulars.

### **Investor Grievance**

In case of any pre-Offer or post-Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of

the Company Secretary and Compliance Officer, please refer to the chapter titled “General Information” on page 55.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

#### **Other instruction for the Bidders**

##### **Joint Bids**

In the case of Joint Bids, the Bids should be made in the name of the Bidder whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

All communications may be addressed to such Bidders and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

##### **Multiple Bids**

A Bidder should submit only one Bid cum Application Form. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, the sub-Syndicate, SCSB, Registered Broker, RTA and CDP 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.

However, 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.

##### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

**“Any person who:**

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or**
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or**
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”**

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

##### **Nomination Facility to Bidders**

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

##### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In

this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated January 28, 2021 among NSDL, our Company and the Registrar to the Offer.
- Agreement dated January 13, 2021 among CDSL, our Company and Registrar to the Offer.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the BRLM and the Registrar to the Offer, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Net Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIIs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RII shall not be less than the minimum bid lot, subject to the availability of shares in RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

#### **Payment into Anchor Investor Escrow Account**

Our Company and the Selling Shareholder, in consultation with the BRLM 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 Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “EXXARO TILES LTD ANCHOR INVESTOR-R”
- (b) In case of Non-Resident Anchor Investors: “EXXARO TILES LTD-ANCHOR INVESTOR-NR”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in English edition of Business Standard (a widely circulated English national daily newspaper), Hindi edition of Business Standard (a widely circulated Hindi national daily newspaper) and Gujarati edition of Gujarat Today (a widely circulated Gujarati daily newspaper, Gujarati being the regional language in the place where our Registered Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholder, and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Signing of the Underwriting Agreement and Filing with the RoC**

- (a) Our Company, the Selling Shareholder and the Underwriters 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 would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

### **Undertakings by our Company**

Our Company undertakes the following:

- 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 or within such other time period prescribed by SEBI will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within six working days from the Bid/Offer Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that if our Company or the Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;
- that if our Company and the Selling Shareholder withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event our Company or the Selling Shareholder subsequently decide to proceed with the Offer;
- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under- subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders.
- the Promoters' contribution in full, wherever required, shall be brought in advance before the Offer opens for public subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on public.

### **Undertakings by the Selling Shareholder**

The Selling Shareholder specifically undertakes and/or confirms the following in respect to itself and its respective portion of the Offered Shares:

- (i) it is the legal and beneficial holder and has full title to its respective portion of the Offered Shares;
- (ii) its respective portion of the Offered Shares are fully paid and are in dematerialized form;
- (iii) its respective portion of the Offered Shares are free and clear of any encumbrances and shall be transferred



to the Bidders within the time specified under applicable law; and

- (iv) it shall not have recourse to the proceeds from the Offer for Sale until receipt by our Company of the final listing and trading approvals from all the Stock Exchanges in accordance with applicable law.

#### **Utilisation of Net Proceeds**

Our Board certifies 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 Fresh Issue 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; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.
- the utilisation of monies received under the Promoters' contribution 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 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.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 (“FDI Policy”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof.

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 SEBI 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.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the DPIIT, the FDI Policy has been recently amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules.

Each Bidder should seek independent legal advice about its ability to participate in the Offer.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 223

As per the FDI policy, FDI in companies engaged in manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see “*Offer Procedure*” on page 219.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 THE ARTICLES OF ASSOCIATION

### ARTICLES OF ASSOCIATION

#### OF

#### EXXARO TILES LIMITED

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the Extra Ordinary General Meeting held on, 9<sup>th</sup> December, 2020 in substitution for and to the entire exclusion of, the regulations contained in the existing Articles of Association of the Company.

#### **Table 'F' Not to Apply**

1. (a) The regulations contained in the Table marked "F" in Schedule I of the Companies Act, 2013 (hereinafter called the Act or the said Act) shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

#### **Company to Be Governed by These Articles**

- (b) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by Section 14 of the Act, be such as are contained in these Articles.

### INTERPRETATION

#### **Headings Not Authoritative**

2. (A)(a) The headings used in these Articles shall not affect the construction hereof.

#### **Interpretation Clause**

- (b) In the Interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context:

#### **"The Company" or "This Company"**

- (c) "The Company" or "This Company" means Exxaro Tiles Limited, Company incorporated under the Companies Act, 1956.

#### **"The Act" or "The said Act" or "The Companies Act"**

- (d) "The Act" or "The said Act" means the Companies Act, 2013 (Act 18 of 2013) the rules, notifications, clarifications, circulars and orders issued thereunder and subsequent amendments thereto or any statutory modifications or re-enactments thereto or any statutory modifications or re-enactments thereof for the time being in force.

#### **"Affiliate"**

- (e) "Affiliate" means, in relation to any Person, any entity Controlled, directly or indirectly, by that Person, or any entity that Controls, directly or indirectly, that Person, or any entity under common Control with that Person;

#### **"Applicable Law"**

- (f) "Applicable Law" means all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, orders, decisions, injunctions, judgments, awards, decrees or other requirements or official directive of any court of competent authority or of any competent Governmental Authority, including any International Trade Governmental Authority, the Securities and Exchange Board of India, or Person acting under the authority of any competent Governmental Authority of the Republic of India, including any International Trade

Governmental Authority, rules of any stock exchanges and Indian GAAP or any other generally accepted accounting principles.

**“Alter” And “Alteration”**

- (g) “Alter” and “Alteration” shall include the making of additions and omissions;

**“Annual General Meeting”**

- (h) “Annual General Meeting” means a general meeting of the members held in accordance with the provisions of Section 96 of the Act and adjourned holding thereof;

**“Articles”**

- (i) “Articles” means the Articles of Association of the Company as originally framed or as altered from time to time;

**“Auditors”**

- (j) “Auditors” means and includes those persons appointed as such for the time being by the Company;

**“Beneficial Owner”**

- (k) “Beneficial Owner” shall mean the beneficial owner as defined in Clause (a) of sub-section (l) of Section 2 of the Depositories Act, 1996;

**“Board” or “Board of Directors”**

- (l) “Board” or “Board of Directors” mean a meeting of the Directors duly called and constituted, or as the case may be, the Directors assembled at a Board either in person or through electronic mode, or the requisite number of Directors assembled at a Board either in person or through electronic mode, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles, or the Directors of the Company collectively;

**“Body Corporate” or “Corporation”**

- (m) “Body Corporate” or “Corporation” includes a Company incorporated outside India but does not include:
- (i) a co-operative society registered under any law relating to co-operative societies; and
  - (ii) any other body corporate (not being a Company as defined in the Act) which the Central Government may, by notification in the Official Gazette, specify in this behalf;

**“Capital”**

- (n) “Capital” means the Share Capital for the time being raised or authorized to be raised, for the purpose of the Company;

**“Controlling”, “Controlled by” or “Control”**

- (o) “Controlling”, “Controlled by” or “Control” with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities, by agreement or otherwise, or the power to elect more than one-half of the directors, partners or other individuals exercising similar authority with respect to such Person;

**“Debentures”**

- (p) “Debentures” include debenture-stock, bonds and other instruments of the Company evidencing debt, whether constituting a charge on the assets of the Company or not;

**“Depository”**

- (q) “Depository” shall mean a depository as defined in Clause (e) of the Sub-section (l) of

Section of the Depository Act, 1996;

**“Directors”**

- (r) “Directors” means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a meeting of the Board either in person or through electronic mode or acting by Circular Resolution under the Articles;

**“Dividend”**

- (s) “Dividend” includes any interim dividend;

**“Document”**

- (t) “Document” includes summons, notice, requisition order, declaration form and registers, whether issued, sent or kept in pursuance of this or any other law for the time being in force or otherwise, maintained on paper or in electronic form;

**“Equity Shares”**

- (u) “Equity Shares” mean the equity shares of the Company, having a face value of Rs. 10 (Rupees Ten) each;

**“Extraordinary General Meeting”**

- (v) “Extraordinary General Meeting” means general meeting of the members other than Annual General Meeting duly called and constituted and any adjourned holding thereof;

**“Financial Year”**

- (w) “Financial Year” shall mean a period of Twelve Months commencing from 1<sup>st</sup> April of any Calendar Year and ending on 31<sup>st</sup> March of the Next Calendar Year;

**“Financial Statements”**

- (x) “Financial Statements” shall mean, the financial statements of the Company prepared in accordance with Applicable Law and shall include without limitation, the balance sheet as at the end of the financial year and profit and loss account for the financial year, the cash flow statement for the financial year, the notes to the financial statements, directors report, the auditor’s report and all disclosures as prescribed in Schedule II of the Act, a statement of changes in equity; and any explanatory note annexed to, or forming part of any of these documents;

**“Gender”**

- (y) Words importing the masculine gender also include, where the context requires or admits, the feminine gender;

**“INR or Rs”**

- (z) “INR or Rs” means the Indian Rupees;

**“Independent Director”**

- (aa) “Independent Director” shall mean an independent director as defined in Section 2 (47) of the Companies Act read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ab) “Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**“Key Managerial Personnel”**

- (ac) “Key Managerial Personnel” means the Chief Executive Officer or the Managing Director; the Company Secretary; Whole-Time director; Chief Financial Officer, such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and such other officer as may be notified from

time to time in the Rules.

**“Managing Director”**

- (ad) “Managing Director” means a Director who by virtue of an agreement with the Company or of a resolution passed by the Company in general meeting or by its Board of directors or by virtue of its Memorandum or Articles of Association is entrusted with substantial powers of management;

**“Meeting” or “General Meeting”**

- (ae) “Meeting” or “General Meeting” means a meeting of Members;

**“Member”**

- (af) “Member” means (i) the subscriber to the memorandum of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its register of members; (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company; (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository;

**“Memorandum”**

- (ag) “Memorandum” means the Memorandum of Association of the Company as originally framed or as altered from time to time;

**“Month”**

- (ah) “Month” means a calendar month;

**“National Holiday”**

- (ai) “National Holiday” means and includes a day declared as national holiday by the Central Government;

**“Office”**

- (aj) “Office” means the Registered Office for the time being of the Company;

**“Ordinary Resolutions”**

- (ak) A resolution shall be an ordinary resolution when at a general meeting of which the notice required under the Act has been duly given, the votes cast (whether on a show of hands or on a poll, as the case may be in favor of the resolution (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the resolution by members so entitled and voting;

**“Paid-Up Share Capital “or “Share Capital Paid-Up”**

- (al) “Paid-Up Share Capital “or “Share Capital Paid-Up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the Company, but does not include any other amount received in respect of such shares, by whatever name called;

**“Person”**

- (am) “Person” includes any individual, partnership, corporation, company, Governmental Authority, unincorporated organization, association, trust or other entity (whether or not having a separate legal entity);

**“Plural Number”**

- (an) Words importing the plural number also include, where the context requires or admits, the singular number, and vice-versa;

**“Proxy”**

- (ao) “Proxy” include attorney duly constituted under the power of attorney;

**“Register of Members”**

- (ap) “Register of Members” means the Register of Members to be kept, pursuant to the Act maintained on paper or in electronic form;

**“Registrar”**

- (aq) “Registrar” means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated;

**“Regulations” or “The Company’s Regulations”**

- (ar) “Regulations” or the Company’s Regulations means the regulations for the time being for the management of the Company;

**“Seal”**

- (as) “Seal” means the Common Seal of the Company for the time being;

- (at) **“SEBI”**

“SEBI” shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.

**“Secretary”**

- (au) “Secretary” means a Company Secretary within the meaning of Section 2(1) (c) of the Companies Secretaries Act, 1980, and includes any individual possessing the prescribed qualifications and appointed as Secretary of the Company to perform the duties which may be performed by the Secretary under the “Act” and other ministerial or administrative duties;

**“Section” or “Sections”**

- (av) “Section” or “Sections” means a Section of the Act for the time being in force;

- (aw) **“Share”**

“Share” means share in the Share Capital of the Company, and includes stock except where a distinction between stock and share is expressed or implied;

**“Special Resolution”**

- (ax) A Resolution shall be a Special Resolution when –
- (i) the intention to propose the resolution as a special resolution has been duly specific in the notice calling the general meeting or other intimation given to the members of the resolution;
  - (ii) the notice required under the Act has been duly given of the general meeting; and
  - (iii) the vote cast in favor of the resolution (whether on a show of hands, or no a poll, as the case may be) by members who, being entitled so to do vote in person, or where proxies are allowed by proxy, are not less than three times the numbers of the votes, if any, cast against the resolution by members so entitled and voting.

**“These Presents”**

- (ay) “These Presents” means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time;

**“Variation” and “Vary”**

- (az) “Variation” shall include abrogation and “Vary” shall include abrogate;

**“Written” and “In Writing”**

- (ba) “Written” and “In Writing” include printing, lithography and any other mode or modes of representing or reproducing words in a visible form or partly one and partly the other;

**“Year” and “Financial Year”**

- (bb) “Year” means a calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act;

**“Expression in the Act to bear the same meaning in Articles”**

- (B) Save as aforesaid, any words or expressions defined in the Act shall, where the subject or context bids, bear the same meaning in these Articles.

**Copies of Memorandum and Articles to be Furnished by the Company**

3. Pursuant to Section 17 of the Act, Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a fee of Rs. 100/- or such other fee as may be specified in the applicable Rules, a copy of each of the following documents, as in force for the time being:
- (i) The Memorandum;
  - (ii) The Articles, if any;
  - (iii) Every other agreement and every resolution referred to in Section 117(1), of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.

**Company’s Funds may not be Applied in Purchase of or Lent for Shares of the Company**

4. (a) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in pursuance Section 66 of the Companies Act at the time of application.
- (b) The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit:

- (i) the provision by the Company, in accordance with any scheme approved by the Company through special resolution for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of, or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
  - (ii) the making by the Company of loans, within the limit laid down in Sub-Section (3)(c) of Section 67 of the Act, to persons (other than Directors or Key Managerial Personnel) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
- (c) No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.
- (d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under this Act or under any previous Company Law.

5. Notwithstanding anything contained in the Articles, but subject to the provisions of Sections 68, 69 and 70 and other applicable provisions, if any, of the Act as amended from time to time and subject to such regulations, conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own securities, whether or not there is any consequent reduction of capital. If and to the extent



permitted by law, the Company shall have the power to re-issue the securities so bought back.

#### **Share Capital and Variation of Rights**

6. (a) The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of the Memorandum each with power to consolidate, increase, reduce, subdivide the capital for the time being and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, preference, guaranteed, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, alter, modify, amalgamate or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided for by the Articles of Association of the Company or by the law in force for the time being.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such equity shares respectively at the commencement of the winding up.
- (c) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

#### **Increase of Capital**

7. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

#### **On what Conditions the New Shares may be Issued**

- (a). Subject to the provisions of Section 43 to 47, 55 and 62 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given then as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and, subject to the provisions of Companies Act, with special right of voting and, subject to provisions of Section 55 of the Act, any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

#### **Further Issue of Capital**

- (b) Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of the increased share capital.
- (i) such further shares shall be offered to the person who at the date of offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date.
- (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than 15 days and not exceeding 30 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
- (iii) 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 favor of any other person and the notice shall contain a statement of this right.
- (iv) After the expiry of the time specified in 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 as they think most beneficial to the Company and members.

- (v) Notwithstanding anything contained in the preceding sub-clause, the Company may:
  - (a) by a special resolution offer further shares to any person or persons, and such person or persons may or may not include the person/s who at the date of the offer, are the holders of the equity shares of the Company or to employees of the Company under the Scheme of employees' stock option; or
  - (b) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to section 62(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

**Directors may Allot Shares otherwise than for cash**

- (c) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or, machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

**Same as Original Capital**

- (d) Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender voting and otherwise.

**Power to Issue Redeemable Preference Shares**

- 8. (a) Subject to the provisions of Section 55 of the Act, the Company may issue preference shares which are or at the option of the Company are to be liable to be redeemed:

Provided that :

- (i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
  - (ii) no such shares shall be redeemed unless they are fully paid;
  - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the company or out of the Company's securities premium account before the shares are redeemed;
  - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of Section 55 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
  - (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized share capital.

- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly, the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 403 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relate to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

9.

#### **Provision in Case of Redemption of Preference Shares**

The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in case of redemption of part of the preference shares the following provisions shall take effect :

- (a) The shares to be redeemed shall be determined by drawing of lots which the company shall cause to be made at its registered office or at such other place as the Directors may decide, in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify to the shareholder whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company or at such other place as the directors may decide at the time and on the date to be named against surrender of the Certificates in respect of the Shares to be redeemed and at the time and date so notified each such shareholder shall be bound to surrender and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares, which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.
- (c) Subject to the provisions of the Articles, the Company shall be entitled to create and issue further Preference Shares ranking in all or any respects *pari passu* with the preference shares then outstanding. PROVIDED in the event of its creating and/or issuing further preference shares ranking *pari passu* with the Preference Shares then outstanding the Company would do so only with the consent of the holders of not less than three-fourths of the preference shares then outstanding.
- (d) The Redeemable Preference Shares shall not confer upon the holders thereof the right to vote either in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 47 of the Act.
- (e) The rights, privileges and conditions for the time being attached to the Redeemable Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

#### **Convertible Preference Shares**

10.

Subject to the provisions of the Act and the guidelines issued by the Central Government from time to time under the Provisions of the Act, the Company may issue Convertible

Preference Shares (CPS) in such manner as the Board of Directors of the Company may decide and specifically provide for:

- (i) the Quantum of issue;
- (ii) the terms of the issue with particular reference to the conversion of CPS into the equity shares of the company;
- (iii) the rate of cumulative preferential dividend payable on CPS, the voting rights to be attached to CPS and any other terms and conditions which may be attached to the issue of CPS as permissible in law

#### **Reduction of Capital**

11. The Company may from time to time by special resolution, subject to confirmation by the Court or Tribunal as applicable and subject to the provision of Sections 52, 55 and 66 of the Act at the relevant time reduce its share capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorized by law in particular without prejudice to the generality of the power may be:

- (a) extinguishing or reducing the liability on any of its shares in respect of shares capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

#### **Division, Sub-division, consolidation, Conversion and Cancellation of Shares**

12. Subject to the provisions of Section 61 of the Act, the Company in general meeting may alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) increase its authorized share capital by such amount as it think expeditiously;
- (b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares. Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall have effect unless it is approved by the Court or Tribunal as applicable
- (c) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and 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; and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;
- (d) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;
- (e) cancel, shares which at the date of 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.

### **Modification of Rights**

13. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the share of that class) may, subject to the provisions of Section Sections 106 and 107 of the Companies Act, 1956 or Section 48 of the Act (as applicable) and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourth in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The Provisions of these Articles relating to general meeting shall *mutates mutandis* apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 101 is not present, those persons who are present shall be the quorum.

14. **CONVERSION OF SHARES INTO STOCK**

The Board may, pursuant to Section 61 of Act, with the sanction of a General Meeting, convert any paid up share into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth, transfer their respective interests therein or any part of such interest in the same manner as and subject to the same regulations, under which fully paid up share in the capital of the Company may be transferred or as near thereto as circumstances will admit, but the Board may, from time to time if it thinks fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, power nevertheless at their discretion to waive such rules in any particular case. Notice of such conversion of shares into stock or reconversion of stock into shares shall be filed with the Registrar of Companies as provided in the said Act.

15. **RIGHTS OF STOCK-HOLDERS**

The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted but no such privileges or advantages, except the participation in profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such equivalent part of, consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special holders of the share and authenticated by such evidence (if any) as the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares and the words "share" and "shareholder" in these presents shall include "stock" and "stock-holder".

### **SHARES AND CERTIFICATES**

#### **Issue of Further Shares not to Affect Right of Existing Shareholders**

16. The right or privileges conferred upon the holders of the shares of any class issued with preference 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 or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

#### **Provisions of Section 43, 45, 46 and 47 of the Act to apply**

17. The provisions of Section 43, 45, 46 and 47 of the Act in so far as the same may, be applicable shall be observed by the Company.

#### **Register of Members and Debenture holders**

18. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Section 88 of the Act and Register and Index of Debenture holders in accordance with Section 88 of the Act. The Company may also keep foreign Register of

Members and Debenture holders in accordance with Section 88 of the Act.

- (b) The Company shall also comply with the provisions of Sections 92 of the Act as to filing of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 94 of the Act with regards to keeping of the Registers, indexes, copies of Annual Returns and giving inspections thereof and furnishing copies thereof.

**Commencement of Business**

- 19. The Company shall comply with the provisions of Section 11 of the Act.

**Restriction on Allotment**

- 20. The Board shall observe the restriction as to allotment of shares to the public contained in Section 39 of the Act shall cause to be made the return as to allotment provided for in Section 39 of the Act.

**Shares to be Numbered Progressively and no share to be subdivided**

- 21. The shares in the capital shall be numbered progressively accordingly to the several denominations and except in the manner herein before mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

- 22. **Dematerialised Shares**

Notwithstanding anything contained herein, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or other marketable securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply. Further, the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

**Shares at the Disposal of the Directors**

- 23. Subject to the provisions of Section 62 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons. In such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 53 of the Act) at a discount and at such time as they may from time think fit and with the sanction of the Company in General Meeting to give to any person the option to all for any shares either at par or at a premium during such time and for such consideration as the Directors may think, fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the Company in the conduct of its business, and any shares which may be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

**Every Shares Transferable etc.**

- 24. (i) The shares or other interest of any member in the Company shall be movable property, transferable in the manner provided by these Articles.
- (ii) Each share in the Company shall be distinguished by its appropriate number.
- (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be, *prima facie*, evidence of the title of the member of such shares.

**Application of Premium Received on Issue of Shares**

- 25. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of value of the premium on these shares shall be transferred

to an account to be called “the securities premium account”, and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the securities premium account were paid up share capital of the Company.

- (b) The securities premium account may, notwithstanding, anything in clause (a) above, be applied by the Company:
- (i) In paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
  - (ii) In writing off the preliminary expenses of the Company;
  - (iii) In writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
  - (iv) In providing for the premium payable on the redemption of any redeemable preference shares or any debentures of the Company;
  - (v) For the purchase of its own shares or other securities as provided under Section 68 of the Act.

#### **Sale of Fractional Shares**

26. (i) If and wherever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst to members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see the applications 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.
- (ii) The Board shall have power 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.

#### **Acceptance of Shares**

27. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose names is on the Register of Members shall for the purpose of these Articles be a member. The Directors shall comply with the provisions of Section 39 and 40 of the Act in so far as they are applicable.

#### **Deposits and Calls etc. to be a Debt Payable immediately**

28. 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, immediately, on the insertion of the name of the holder of such shares, become a debt, due to and recoverable by the Company from the Allottee thereof, and shall be paid by him accordingly.

#### **Company not Bound to Recognize any Interest in Shares other than of Registered Holder**

29. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provision of Section 88 of the Act shall apply.

#### **Declarations of Person Not Holding Interest in Shares**

30. When any declaration is filed with the Company under the provisions of Section 89 of the Act by any holder of shares who does not hold beneficial interest in such shares specifying the particulars of the person holding beneficial interest in such shares or by a person who holds beneficial interest in any shares of the Company but is not the registered holder thereof, the Company shall make a note of such declaration in its register of members and file, within 30 days from the date of receipt of the declaration by it, a return with the registrar with regard to such declaration.

#### **Issue of Certificates of Shares to be Governed by Section 46 of the Act etc.**

31. (a) The issue of certificates of shares or of duplicate or renewal of certificates of shares and/or advices/certificates issued upon sub-division, split, consolidation and exchanges shall be governed by the provisions of Section 46 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or the as well as the Listing Regulations, as may be applicable or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed from the time being.
- (b) The Certificate of title of shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorized persons as may be prescribed by Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 46 of the Act and the Listing Regulations.

#### **Limitation of Time of Issue of Certificate**

32. (a) Every member shall be entitled, without payment, to one Certificate for all the shares of each class or denomination registered in his name, or after payment of such fees as the Board may approve, to several certificates, each for one or more of such shares and the Company shall complete and deliver such Certificates within the time provided by Section 56 of the Act or the Listing Regulations, as may be applicable, unless the conditions of issue thereof otherwise provide. Every Certificate of shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors shall prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
- (b) The Company may not entertain any application for split of share/debenture certificate for less than 100 shares/debentures (all relating to the same series) or marketable lots whichever is lower.
- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

#### **Issue of new Certificates in Place of one defaced Lost or Destroyed**

33. If any certificate be worn out, defaced, mutilated or torn 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 be lost or destroyed then upon proof thereof to the satisfaction of the Company and on; execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under this Article shall be issued without payment of fees. Out of pocket expenses incurred by the Company in investigating the evidence as to the loss or destruction



shall be paid to the Company if demanded by the directors.

Provided that notwithstanding what is stated above the directors shall comply with such Rules or Regulation or requirements of any stock Exchange including the Listing Regulations or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, on Rules applicable in this behalf.

The provisions of the Article under this heading shall *mutatis mutandis* apply to debentures of the Company.

34. **Unclaimed Securities**

The Company shall comply with the provisions of the Listing Regulations while dealing with securities that remain unclaimed and the corporate benefits attached thereto. The Company shall maintain appropriate unclaimed suspense accounts and demat suspense accounts, as may be required to hold unclaimed securities on behalf of allottees and issue such reminders to the allottees as may be required under the Listing Regulations. However, shares in respect of which unpaid or unclaimed dividend has been transferred to the account of the Company in terms of Section 124(5) of the Act shall also be transferred to the Company as per the provisions of Section 124(6) of the Act.

**UNDERWRITING COMMISSION AND BROKERAGE**

**Power to pay Certain Commission and Prohibition of Payment of All Other Commission, Discounts etc.**

35. (A). The company may pay commission to any person in connection with the subscription or procurement of subscription to its securities, whether absolute or conditional, subject to the following conditions, namely: -
- (a) the payment of such commission shall be authorized in the company's articles of association;
  - (b) the commission may be paid out of proceeds of the issue or the profit of the company or both;
  - (c) the rate of commission paid or agreed to be paid shall not exceed, in case of shares, five percent of the price at which the shares are issued or a rate authorised by the articles, whichever is less, and in case of debentures, shall not exceed two and a half per cent of the price at which the debentures are issued, or as specified in the company's articles, whichever is less;
  - (d) the prospectus of the company shall disclose—
    - (i) the name of the underwriters;
    - (ii) the rate and amount of the commission payable to the underwriter; and
    - (iii) the number of securities which is to be underwritten or subscribed by the underwriter absolutely or conditionally. Lieu of Prospectus and filed before the payment of the commission with the Registrar and where a circular or notice not being a prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
  - (e) there shall not be paid commission to any underwriter on securities which are not offered to the public for subscription;
- (B) Save as aforesaid and save as provided in Section 53 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:
- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;

- (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company, or the money be paid by as the nominal purchase money or contract price, or otherwise.
- (C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (D) The commission may be paid or satisfied (subject to the provisions of the Act and these articles) in cash, or in shares, debentures or debenture-stocks of the Company.

## **CALLS**

### **Directors May Make Calls**

- 36. The Directors may from time to time and subject to Section 49 of the Act and subject to the terms on which any shares/debentures 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 calls as they think fit upon the members/debenture-holders in respect of all moneys unpaid on the shares/debenture held by them respectively and each member/debenture holder shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments as may be decided by the Board. A call may be postponed revoked as the Board may determine.

### **Calls To Date From Resolution**

- 37. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members/debenture-holders on a subsequent date to be specified by the Directors.

### **Notice of Call**

- 38. 15 (fifteen) days' notice in writing shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture-holders to revoke the same.

### **Directors may Extend Time**

- 39. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture-holders who on account of residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favor.

### **Sums Deemed to be Calls**

- 40. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share/debenture or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

### **Installments on Shares to be Duty Paid**

- 41. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time, shall be the registered

holder of the share or his legal representative.

**Calls on Shares of the Same Class to be made on Uniform Basis**

42. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

**Explanation:** For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

**Liability of Joint Holders of Shares**

43. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.

**When Interest on Call or Installment Payable**

44. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due, shall pay interest at ten per cent per annum or at such lower rate as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

**Partial Payment not to Preclude forfeiture**

45. Neither a judgment nor a decree in favor of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of any such payment preclude the forfeiture of such shares as herein provided.

**Proof on Trial of Suit for Money due on Shares**

46. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member of his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of directors was present at the Board at which any call was made, nor that the meeting of 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.

**Payment in Anticipation of Calls May Carry Interest**

47. (a) The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him, beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, to the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends . The Directors may at any time repay the amount so advanced.

- (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provision of these Articles shall apply *mutatis mutandis* to the calls on debenture of the Company.

## **LIEN**

### **Company's Lien on Shares/Debentures**

48. The Company shall have a first and paramount lien upon all the shares and/or debentures (other than fully paid-up shares and/or debentures) registered in the name of each Member and/or debenture holder (whether held singly or jointly with others) in respect of all moneys called or payable at a fixed time in respect of such shares whether the time for payment thereof shall have actually arrived or not and shall extend to all dividends, interest right and bonuses from time to time declared in respect of such shares and/or debentures. The registration of transfer of shares and/or debentures shall not operate as a waiver of the Company's lien, if any, on such shares and/or debentures, unless otherwise agreed by the Board. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article.

### **As to Enforcing Lien by sale**

49. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debenture and may authorize one of their members or appoint any officer or Agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

### **Application of Proceeds of Sale**

50. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.
- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute or Applicable Law required) be bound to recognize equitable or other claim to, or equitable, contingent, future or partial interest in, such shares (including the fractional part of a shares) or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

## **FORFEITURE**

### **If Call or Installment Not Paid Notice must be given**

51. (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all

expenses that may have been incurred by the Company by reason of such non-payment.

- (b) The notice shall name a day not being less than fourteen days from the date of the services of the notice and a place or places, on and which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

#### **In Default of Payment Shares or Debentures to be Forfeited**

52. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company. In respect of the payment of any such money, shall preclude, the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

#### **Entry of Forfeiture in Register of Member/Debenture holders**

53. When any shares / debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder 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 of debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

#### **Forfeited Share/Debenture to be Property of Company and may be sold**

54. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

#### **Power to Annul Forfeiture**

55. The Directors may, at any time, before any shares or debentures so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

56. **Shareholders or Debenture Holders Still Liable to pay Money Owed, at Time of Forfeiture and Interest.**

Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, Interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so. The liability of the member or debenture holder shall cease if and when the Company receives payment in full of all such monies in respect of the shares or debentures.

#### **Effect of Forfeiture**

57. The forfeiture of a share or a debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of

these rights as by these Articles are expressly saved.

**Declaration of Forfeiture**

58. A Declaration in writing under the hand of one Director, the manager or the Secretary, of the company; that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made and that a share or debenture 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 shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

**Validity of Sales under Article 49 and 54**

59. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers here in above given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of member or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

**Cancellation of Share/Debenture Certificate in Respect of Forfeited Shares/ Debentures**

60. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the relative shares or debentures surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

**Title of Purchaser and Allottee of Forfeited Shares/Debentures**

61. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

**Surrender of Shares or Debenture**

62. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

**TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

**Register of Share Transfer**

63. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

**Form of Transfer**

64. The Instrument of transfer shall be in writing and all the provisions of Section 56 of the Act, shall be duly complied with in respect of all transfer of shares and registration thereof.

#### **Instrument of Transfer to be Executed by Transferor and Transferee**

65. Every such instrument of transfer shall be signed both by the Transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

#### **Directors may Refuse to Register Transfer.**

66. (a) Subject to the provision of Section 58 of the Act and subject to the provisions of Securities Contract (Regulations) Act, 1956 and the rules and regulations made there under, the Directors may, at their own absolute and uncontrolled discretion, decline by giving reasons 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 member of the Company but in such cases Directors shall within 15 days from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer 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 when the Company has a lien on the shares. Moreover, the Directors shall not register a transfer if any statutory prohibition or order prohibits a transfer or when a transferor objects to the transfer. In the event the Company does not effect transfer of securities within the stipulated 15 days or fails to communicate the refusal of the transfer/valid objection to the transfer within 15 days to the transferee, the Company shall compensate the aggrieved party for the opportunity losses caused during the period of delay as specified under the Listing Regulations.
- (b) Nothing in Section 56 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company.

#### **Transfer of Share**

67. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (a) of this Article, the Company shall unless object is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of

law.

- (e) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

**Custody of Instrument of Transfer**

68. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register; shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine in compliance with the applicable law.

**Transfer Books and Register of Members when Closed**

69. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

**Transfer to Minors etc.**

70. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

**Title to Share of Deceased Holder**

71. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a Succession Certificate or the legal representative of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 67 register the name of any person who claims to be absolutely entitled to the shares standing in the name of deceased member, as a member.

72. **Nomination by securities holders**

- (1) Any holder of securities of a company may, at any time, nominate, in Form No. SH.13, any person as his nominee in whom the securities shall vest in the event of his death.
- (2) On the receipt of the nomination form, a corresponding entry shall forthwith be made in the relevant register of securities holders, maintained under section 88.
- (3) Where the nomination is made in respect of the securities held by more than one person jointly, all joint holders shall together nominate in Form No.SH.13 any person as nominee.
- (4) The request for nomination should be recorded by the Company within a period of two months from the date of receipt of the duly filled and signed nomination form.
- (5) In the event of death of the holder of securities or where the securities are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee may upon the production of such evidence as may be required by the Board, elect, either-
  - (a) to register himself as holder of the securities; or
  - (b) to transfer the securities, as the deceased holder could have done.
- (6) If the person being a nominee, so becoming entitled, elects to be registered as holder of the securities himself, he shall deliver or send to the company a notice in writing



signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share or debenture holder(s).

- (7) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of securities shall be applicable to any such notice or transfer as aforesaid as if the death of the share or debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder or debenture holder, as the case may be.
- (8) A person, being a nominee, becoming entitled to any securities by reason of the death of the holder shall be entitled to the same dividends or interests and other advantages to which he would have been entitled to if he were the registered holder of the securities except that he shall not, before being registered as a holder in respect of such securities, be entitled in respect of these securities to exercise any right conferred by the membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the securities, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends or interests, bonuses or other moneys payable in respect of the securities, as the case may be, until the requirements of the notice have been complied with.
- (9) A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation, to the company in Form No. SH.14.
- (10) The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received by the company.
- (11) Where the nominee is a minor, the holder of the securities, making the nomination, may appoint a person in Form No. SH. 14 specified under sub-rule (1), who shall become entitled to the securities of the company, in the event of death of the nominee during his minority.

73.

#### **Dematerialisation of Securities**

- i. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.
- a. The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.
- b. Option for Investors: Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security

- c. Securities in Depository to be in fungible form: -
  - o All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.
  - o Nothing contained in Sections 88, 89, 112 & 186 of the Companies Act shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.
- d. Rights of Depositories & Beneficial Owners: -

Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

- e. Save as otherwise provided in (d) 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.

- f. Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.
- ii. Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.
- iii. Nothing contained in Section 56 of the Companies Act shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- iv. Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- v. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
- vi. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 88 and other applicable provisions of the Companies Act and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.
- vii. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

#### **Registration of Persons Entitled to Share Otherwise than by Transfer**

74. (a) Subject to the provisions of Article 80 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these present, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favor of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

#### **Claimant to be Entitled to Same Advantage**

75. The person entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would

be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within ninety days, the Board shall thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been compelled with.

**Persons Entitled May Receive Dividend without being Registered as Member**

76. (a) A person entitled to a share by transmission shall, subject to the rights of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
- (b) This Article shall not prejudice the provisions of Article of 49 and 60.

**Refusal to Register Nominee**

77. Subject to the provisions of Section 59 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, The Directors shall have the same right to refuse on legal grounds to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration. However, the Company must ensure that the transmission requests for processed within 7 days and 21 days for dematerialized and physical securities, respectively.

**Directors may require Evidence of Transmission**

78. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an Indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**No Fees on Transfer or Transmission**

79. No fee shall be charged for registration of transfer, probate, succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

**The Company not liable for Disregard of a Notice Prohibiting Registration of Transfer**

80. 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 there or (as shown or appearing in the Register of members) to be prejudice or persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect 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 Directors shall so think fit.

**Not more than Four Persons as Joint Holders**

81. The Company shall be entitled to decline to register more than four persons as the holder of any shares.

The provisions of these Articles shall *mutatis mutandis* apply to the transfer or transmission by operation of law of debenture of the Company.

## **JOINT HOLDERS**

### **Joint Holders**

82. Where two or more persons are registered as the holders of any share /debenture, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

- (i) In the case of a transfer of share/ debenture held by joint holders, the transfer will be effective only if it is made by all the joint holders.
  - (ii) The Joint holder of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture.
  - (iii) On the death of anyone or more of such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on share/debentures held by him jointly with any other person.
  - (iv) Any one of such joint holders may give effectual receipts of any dividends, interest or other moneys payable in respect of such share/debenture.
  - (v) Only the person whose name stands first in the Register of Members/Debenture holders as one of the joint holders of any share/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2) (A) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.
  - (vi) Any one or two or more joint holders may vote at any meeting either personally or by attorney 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 personally or by proxy or by attorney than that one or such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that joint holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by Attorney or proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (b) Several executors or administrators of a deceased member in whose (i.e. the deceased member's) sole name, any share stands, shall for the purpose of this clause, be deemed joint holders.

### **Borrowing Powers**

83. Subject to the provisions of Section 73, 179, 180 of the Act and of these Articles and subject to any restriction imposed by Reserve Bank of India, Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum of moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course

of business, exceeding the aggregate of the paid-up capital of the Company, its free reserves and securities premium (not being reserves set apart for any specific purpose) or up to such amount as may be approved by the shareholders from time to time the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the tender or proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

**Bonds, Debentures etc. to be subject to control of Directors.**

84. Any bonds, debentures, debenture-stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.

**Power to issue shares at Discount**

85. The Company can only issue sweat equity shares at Discount as per Section 54 of the Act.

**Debentures with voting rights not to be issued**

86. (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) Certain charges mentioned in Section 77 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 77 of the Act.
- (c) The term 'charge' shall include mortgage in these Articles.
- (d) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree or specific performance.

**Limitation of Time for Issue of Certificate**

87. The Company shall, within six months after the allotment of any of its debentures or debenture-stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and deliver the Certificate of all the debentures and the Certificate of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture-stocks otherwise provide.

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

**Right to Obtain Copies of and Inspect Trust Deed**

88. (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holders of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment of Rs. 10/- (Rupees Ten) for each Page of the copy of any Trust Deed.
- (ii) The Trust Deed referred to in item (i) above also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of these same fees, as if it were the Register of members of the Company.
- (iii)

### **Mortgage of Uncalled Capital**

89. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.

### **Indemnity May be given**

90. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

### **Registration of Charges**

91. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 77 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprised property outside India, the instrument, creating or purporting to create the charge under Section 77 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 77 of the Act.
- (d) Where any charge on any property of the Company required to be registered to be registered under Section 77 of the Act has been so registered, any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) Any creditors or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of Charges in accordance with and subject to the provisions of Section 85 of the Act.

The Directors shall cause a proper register and charge creation documents to be kept in accordance with the provisions of the Companies Act for all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the said Act, in regard to the registration of mortgages and charges therein specified and otherwise and shall also duly comply with the requirements of the said Act as to keeping a copy of every instrument creating any mortgage or charge by the Company at the office.

### **Trust not Recognized**

92. No notice of any trust, express or implied or constructive, shall be entered on the register of *Debenture* holders.

## **GENERAL MEETINGS**

### **Annual General Meeting**

93. Subject to the provisions contained in Section 96 and 129 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

#### **Time and Place of Annual General Meeting**

94. Every annual general meeting shall be called at any time during business hours that is between 9 am to 6 pm, on a day that is not a National Holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated, and the notice calling the meeting shall specify it as the annual general meeting.

#### **Section 101 to 109 of the Act shall apply to Meeting**

95. Sections 101 to 109 of the Act with such adaptation and modifications, if any as may be prescribed, shall apply with respect to meeting of any class of members or debenture holders of the Company in like manner as they would with respect to general meetings of the Company.

#### **Powers of Directors to Call Extraordinary General Meeting**

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit. If at any time Directors capable of acting who are sufficient in number to form a quorum, are not within India, any Director or any two (2) 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 of Directors.

#### **Calling of Extra Ordinary General Meeting on requisition**

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extra-ordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the considerations of which the meeting is to be called, shall be signed by requisitionists, and shall be deposited at the registered office of the company.
- (c) The requisition may consist of several documents in like forms, each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (a) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves within a period of three months from the date of requisition.

**Explanation:** For the purpose of this clause, the Board shall in the case of a meeting at which Resolution is to be proposed as a special Resolution, be deemed not have duly convened the meeting if they do not give such notice thereof as is required by Section 114 of the Act.

- (g) A meeting, called under Clause (f) above, by the requisitionists or any of them:
- (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but

- (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

**Explanation:** Nothing in Clause (g) (ii) above, shall be deemed to prevent a meeting only commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

**Length of Notice for Calling Meeting**

- 98. (a) A general Meeting of the Company may be called by giving not less than clear twenty-one days' notice in writing or through electronic mode in such manner as may be prescribed by the Central Government.
- (b) A General Meeting of the Company may be called after giving shorter notice than that specified in clause(a) if consent is accorded thereto by not less than ninety-five per cent of the members entitled to vote at such meeting;

Provided that where any members of the Company are entitled to vote only on such resolution or resolution to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

**Contents and Manner of Service of Notice and Persons on whom it is to be served.**

- 99. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted there at.
- (b) Notice of every meeting of the Company shall be given:
  - (i) to every member of the Company, in any manner authorized by Section 20 of the Act;
  - (ii) to the persons entitled to a share in consequence of a death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
  - (iii) to the auditor or Auditors for the time being of the Company in any manner authorized by Section 20 of the Act in the case of any member or members of the Company; and
  - (iv) to all the Directors of the Company,

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Registered Office of the Company under



Section 20 of the Act, the statement of the material facts referred to in Section 102 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the Meeting.

#### **Explanatory Statement to be Annexed to Notice**

100.

- (A) For the purpose of this Article:

- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to-
  - (a) the consideration of the financial statements and the reports of the Board of Directors and auditors.
  - (b) the declaration of a dividend.
  - (c) the appointment of directors in the place of those retiring, and
  - (d) the appointment of, and the fixing of the remuneration of, the auditors, and
- (ii) in the case of any other meetings, all business shall be deemed special.

- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern of interest, if any, therein of every promoter, Director, the manager, if any, and of every other Key Managerial Personnel as required under Section 102 of the Act.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in circumstances specified in the provision to sub-section (2) of section 102 of the Act.

- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

#### **Quorum for Meeting**

101.

- (a) In accordance with Section 103, the quorum for a General Meeting of the Company shall be as under:
  - (i) five members personally present if the number of members as on the date of meeting is not more than one thousand;
  - (ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;
  - (iii) Thirty members personally present if the number of members as on the date of the meeting exceeds five thousand.
- (b)
  - (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand cancelled.
  - (ii) In any other case, the meeting 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 other time and place as the

Board may determine.

- (c) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

**Adjourned Meeting to Transact Business**

- 102. (a) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.
- (b) where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

**Chairman of General Meeting**

- 103. (a) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.
- (b) (i) The Chairman of the Board of Directors shall be entitled to take the Chair at every general meeting, if there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Director present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall be willing to take the Chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice-Chairman of the Board or by a Director at the expiration of 15 minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

**Chairman with Consent may adjourn the Meeting**

- 104. The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place in the city, town or village where the registered office of the Company is situated.

**Business at the Adjourned Meeting**

- 105. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**Notice of Adjourned Meeting**

- 106. In case of adjournment of a meeting or of a change of day, time or place of meeting under, the Company shall give not less than three days' notice to the members.

**PROXIES**

**Proxies**

- 107. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holder, all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.
- (b) A proxy shall not be entitled to vote except on a poll.
- (c) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights:

Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

- (d) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and ` is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (e) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty-eight) hours before the meeting in order that the appointment may be effective thereat.
- (f) The instrument appointing a proxy shall:
  - (i) be in writing, and
  - (ii) Be signed by an appointer or his attorney duly authorized in writing or, if the appointer is a body corporate, by under its seal or be signed by an officer or any attorney duly authorized by it.
- (g) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form or in such other form as the Directors may approve from time to time.
- (h) An instrument appointing a proxy, if in any of the forms set out in to the Companies (Management and Administration) Rules 2014 shall not be questioned on the ground that it fails to comply with any special requirement specified for such instrument by these Articles.
- (i) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.
- (j) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **E-VOTING**

108.

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 or any other Law, if applicable to the Company.

#### **VOTES OF MEMBERS**

109.

Subject to any rights or restrictions for the time being attached to any class or classes of shares and in the manner prescribed under the Act and the rules made thereunder:

- (a) on a show of hands, every member present in person shall have one vote; and

- (b) on a poll, the voting rights of members shall be in proportion to the member's share in the paid-up equity share capital of the Company.

110. **Voting by Poll**

- (a) Before or on the declaration of the result of the voting on any resolution on show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf. The Company shall comply with the procedure as regards voting by poll as may be prescribed under the Act and rules and regulations made thereunder.
- (b) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

**Restrictions on Exercise of Rights of Members who have not paid Calls etc.**

- 111. (a) No members shall exercise any voting right 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 and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 89 of the Act.

**Restriction on Exercise of Voting Right in Other cases to be void**

- 112. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 111.

**Equal Rights of Share Holders**

- 113. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

**Service of Notice, Reports, Documents and other communications by electronic mode.**

- 114. Notwithstanding anything mentioned in these Articles, the Company may send any communication including notice of general meeting, annual report etc. to any persons by electronic mode as may be permitted under applicable laws.

**Voting rights of members of unsound mind and minors**

- 115. 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 poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians or, any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

**Votes in respect of Shares of Deceased or Insolvent Members etc.**

- 116. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may hereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### **Custody of Instrument**

117. If any such instrument of appointment be confirmed to the object of appointing proxy or substitute for voting at meeting of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; , a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

### **Validity of Votes given by Proxy notwithstanding Death of Members etc.**

118. 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 votes is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting or adjourned meeting.

### **Time for Objections for Vote**

119. 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 an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purposes or such meeting or poll whatsoever.

### **Chairman of any Meeting to be the Judge of any Vote**

120. (a) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.  
(b) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

### **Representation of Body Corporate**

121. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 113 of the Act authorize such person by a resolution of its Board of directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

### **Representation of the President of India or Governors**

122. (a) The President of India or the Governor of State if he is a member of the Company may appoint such person as he thinks fit to act, as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 112 of the Act or any other statutory provision governing the same.  
(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the Governor could exercise, as member of the Company.  
(c) The Company shall observe the provisions of Section 112 of the Act, in regards to the Public Trustee.

- 123 (a) **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 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.

(b) 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.

#### **Circulation of Members Resolution**

124. The Company shall comply with provisions of Section 111 of the Act, relating to circulation of members resolutions.

#### **Special Notice**

125. In pursuance of Section 115 of the Act, where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company by such number of members holding not less than one per cent. of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up, not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

#### **Resolution Passed at Adjourned Meeting**

126. The provisions of Section 116 of the Act shall apply to resolution passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolution shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

#### **Registration of Resolutions and Agreements**

127. The Company shall comply with the provisions of Section 117 of the Act relating to registration of certain resolutions and agreements.

#### **Minutes of Proceedings of General Meeting and of Board and Other Meetings**

128. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot, entries thereof in books for that purpose with their pages consecutively numbered.
- (b) 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 books shall be dated and signed:
- i. in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
  - ii. In the case of minutes of proceedings of the general meetings by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorized by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes of the meeting.
  - (i) the names of the Directors present at the meetings, and
  - (ii) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clause (a) to (d) hereof 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.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusions of any matter in the minutes on the grounds specified in this clause.
- (h) The minutes of meetings kept in accordance with the provisions of Section 118 of the Act shall be evidence of the proceedings recorded therein.
- (i) The Chairman of the meeting shall exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

**Presumptions to be Drawn where Minutes duly drawn and Signed.**

129. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 118 of the act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

**Inspection of Minutes Books of General Meetings.**

130. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall:
- (i) be kept at the registered office of the Company, and
  - (ii) be open, during 11:00 am to 1:00 pm to the inspection of any member without charge and by any other person on payment of fee of Rupees 50/- for each inspection, subject to such reasonable restrictions as the Company may, in general meeting impose.
- (b) Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to in Clause (a) above, on payment of Rs. 10/- for each page.

### **Publication of Reports of Proceedings of General Meetings**

131. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

### **Report on annual general meeting.**

132. The Company shall prepare a report on each annual general meeting including the confirmation to the effect that the meeting was convened, held and conducted as per the provisions of the Act and the rules made thereunder, and shall file the same with the Registrar within thirty days of the conclusion of the annual general meeting

### **Management of Subsidiaries and Group Companies**

133. The Board shall be responsible for compliance with all applicable law, regulations, rules and guidelines as well as the Listing Regulations in relation to the obligation of the Company towards the governance and management of its subsidiaries and group companies.

## **MANAGERIAL PERSONNEL**

### **Managerial Personnel**

134. (a) Subject to the provisions of the Act, a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board of Directors for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- (b) Any provision of the Act or these Articles requiring or authorizing 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.
- (c) The Company shall duly observe the provisions of Section 196 and Section 203 of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

### **Remuneration of key managerial personnel**

135. The remuneration of Key Managerial Personnel shall from time to time, be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in Schedule V along with Sections 196 and 197 of the Act.

### **Board of directors**

136. Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen). The appointment of the Directors exceeding 15 (fifteen) will be subject to the provisions of Section 149 of the Act. The Board shall have the power of appoint the Chairman. 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.

### **First Directors**

137. The First Directors of the Company are:

1. **KACHARABHAI RAJABHAI PATEL**
2. **SHAILESHKUMAR MAGANLAL PATEL**
3. **RAMANBHAI KESHABHAI PATEL**



### **Debenture Directors**

138. Any Trust Deed for securing debentures of debenture-stocks may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of Debentures or debenture-stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as **“Debenture Director”** and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

### **Nominee Director**

139. The Board may appoint any person as a director nominated by any institution, in pursuance of the provisions of any law for the time being in force or of any agreement to which the Company is a party or by the Central Government or the State Government(s) by virtue of its shareholding in the Company and such person or persons or Directors is / are hereinafter referred to as “Nominee Director/s”, on the Board of the Company and such persons may be remove from such office any person or persons “so appointed and to appoint any person or persons” in his or their place/s. The Board may also agree that any such Nominee Director, or Nominee Directors may be removed from time to time by the institution/Central Government/State Government(s) entitled to appoint or nominate them and such institution/Central Government/State Government(s) 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 whatever.

At the option of such institution/Central Government/State Government(s) such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of such institution/Central Government/State Government(s) such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to such institution or so long as such institution holds Debentures in the Company as a result of direct subscription or private placement or so long as such institution holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee the moneys owing by the Company to such institution is paid off.

The Nominee Director/s appointed under this Article will be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. Such institution/ Central Government/ State Government(s) shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to such institution/ Central Government/ State Government(s) and the same shall accordingly be paid by the Company directly to such institution/Central Government/State Government(s). Any expenses that may be incurred by such institution/Central Government/State Government(s) or such Nominee Directors in connection with their

appointment or Directorship shall also be paid or reimbursed by the Company to such institution/Central Government/State Government(s) or as the case may be to such Nominee Directors.

Provided that if any such Nominee Director is an officer of such institution/Central Government/State Government(s) the sitting fees, in relation to such Nominee Director shall also accrue to such institution and the same shall accordingly be paid by the Company directly to such institution/Central Government/State Government(s).

#### **Special Director**

140. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such Company, Corporation, firm or person (hereinafter in this clause referred to as “Collaborator”) to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as “Special Director”) and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or any time thereafter.
- (b) The Collaborator may at any time and from time to time remove any such Special Director appointer by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Director as the Collaborators eligible to make the appointment.

#### **Limit on Number of Non-Retiring Directors**

141. Subject to the provisions of Section 152 of the Act, the number of Directors appointed under Articles 138, 139 and 140 shall not exceed in the aggregate one-third of the total number of Directors, excluding Independent Directors, for the time being in office.

#### **Appointment of Independent Director**

142. Subject to the provisions of Section 149 (6) of the Act, Board of Directors shall have power at any time to appoint any person as an Independent Director to the Board. 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 Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, such appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under Clause 49 of the listing agreement.

#### **Appointment of Whole-Time Director**

143. Subject to the provisions of Section 152 of the Act, Board of Directors shall have power at any time to appoint any person as an Whole-Time Director to the Board

#### **Appointment of Alternate Director**

144. The Board may appoint an alternate Director not being a person holding any alternate directorship for any other directors in the Company or holding directorship in the Company, to act for a Director (hereinafter called “the Original Director”) during his absence for a period of not less than three months from India. An alternative Director so appointed shall not hold office as such for a period longer than that permissible to the

Original Director in whose place he had been appointed and shall vacate if and when the Original Director returns to India.

**Appointment of Additional Director**

145. Subject to the provisions of Section 161 of the Act, Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by the Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company or the last date on which the annual general meeting should have been held, whichever is earlier and shall then be eligible for reappointment.

**Appointment of Women Director**

146. The Company shall have such number of Woman Director on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable.

**Appointment of Director to fill the Casual Vacancy.**

147. Subject to the provisions 161 of the Act, the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the nominal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

**Individual Resolution for Director Appointment**

148. At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of this article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automotive reappointment of retiring director by virtue of these articles and the Act in default of another appointment shall apply.

**Qualification of Director**

149. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

**Remuneration of Directors**

150. (a) Subject to the provisions of Act, a Managing Director or a director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by the other.
- (b) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:
- (i) by way of monthly, quarterly or annual payment, or
  - (ii) by way of commission if the Company by a special resolution has authorized such payment
- (c) Every Director shall be paid such amount of remuneration by way of fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time, as may be determined by the Board for each meeting of the Board or Committee thereof attended by him.

- (d) The Board shall recommend the fees/compensation to be paid to non-executive directors including independent directors. Such fees/compensation shall also be approved by the shareholders of the Company in a general meeting. However, such approval will not be required in case of sitting fees paid to non-executive directors which are within the limits prescribed under the Act and for which no Central Government approval is required.

**Traveling and Other Expenses**

151. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for traveling, board and lodging and incidental and/or actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings to and from the place at which the meetings of the Board Committees thereof or general meetings of the Company are held from time to time or any other place at which the Director executes his duties.

**Remuneration for Extra Services**

152. If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 197 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

**Increase in Remuneration of Directors to require Government Sanction**

153. Any provision relating to the remuneration of any Director including the Managing Director or Joint Managing Director or whole time Director or executive Director whether contained in his original appointment or which purports to increase or has the effect of increasing whether directly or indirectly the amount of such remuneration and whether that provisions are contained in the articles or in any agreement entered into by the Board of Directors shall be subject to the provisions of Section 196, 197 and 203 of the Act and in accordance with the conditions specified in Schedule V and to the extent to which such appointment or any provisions for remuneration thereof is not in accordance with the Schedule V, the same shall not have any effect unless approved by the Central Government and shall be effective for such period and be subject to such conditions as may be stipulated by the Central Government and to the extent to which the same is not approved by the Central Government, the same shall become void and not enforceable against the Company.

**Director Not to Act when Number Falls Below Minimum**

154. When the number of Directors in Office falls below the minimum fixed above, the Directors, shall not act except in emergencies or for the purposes of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

**Eligibility**

155. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 164 of the Act.

**Directors Vacating Office**

156. (a) The office of a Director shall be vacated if:
- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
  - (ii) he applied to be adjudicated an insolvent;
  - (iii) he is adjudicated an insolvent;
  - (iv) he is convicted by a Court, of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the expiry of the sentence; Provided that if

a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- (v) he fails to pay any call-in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
- (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;
- (vii) he is removed in pursuance of Section 169 of Act;
- (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;
- (ix) he acts in contravention of the provisions of Section 184 of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (x) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184.

**(b) Resignation of Directors**

A Director who holds office or other employment in the company shall, when he resigns his office, provide a notice in writing to the company.

**Removal of Directors**

157.

- (a) The Company may (subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or Special Directors or Debenture Directors or a Nominee Director or a director appointed by the Central Government in pursuance of Section 242 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 115 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Whether notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so:
  - (i) In the notice of the resolution given to members of the Company state the fact of representations having been made, and
  - (ii) send a copy of the representation to every member of the Company whom notice of the meeting is sent (whether before or after receipt of the representations by the company), and if a copy of representations, is not sent as aforesaid because they were received too late or because of the company's default, the Director may (without prejudice to his right to be provided orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.
- (e) A vacancy created by the removal of a Director under this Article may, if he had been

appointed by the Company in general meeting or by the Board in pursuance of Section 161 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been under clause (b) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

- (f) if the vacancy is not filled under clause (e) above it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 161 of the Act, and all the provisions of that Section shall apply accordingly;
- (g) Nothing contained in this Article shall be taken:
  - (i) as depriving a person removed there under of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
  - (ii) as derogating from any power to remove a Director which may exist apart from this Article.
- (h) The Company shall take steps to fill the vacancy caused by the resignation/removal of an independent director by replacing such independent director with a new independent director within three months of the occurrence of such vacancy or at the immediate next meeting of the of the Board, whichever is later or as may otherwise be prescribed by the Listing Regulations.

#### **Directors may Contract with Company**

158. Subject to the restrictions imposed by these Articles and by Section 179, 180, 185, 186, 188, 189, 196 and any other provisions of the Act, no Director, Managing Director, or other officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, managing director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall be Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director, officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with provisions or Section 184 of the Act where that section be applicable.

#### **Disclosure of Directors' Interest**

159. (1) Every 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 of interest at a meeting of the Board of Directors, in the manner provided in Section 184 of the Act.
- (2) (a) In the case of proposed contract or arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested.
- (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

- (3) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or two or more of Directors together holds or hold not more than two percent of the paid up share capital in other company.

**Board Resolution necessary for Certain Contracts**

160. (1) Except with the consent of the Board of Directors of the Company and of the Shareholders as applicable, 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 with a Related Party
- a. for the sale, purchase or supply of any goods, materials or services; or
  - b. selling or otherwise disposing of, or buying, property of any kind;
  - c. leasing of property of any kind;
  - d. availing or rendering of any services;
  - e. appointment of any agent for purchase or sale of goods, materials, services or property;
  - f. such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
  - g. underwriting the subscription of any securities or derivatives thereof, of the Company;
- (2) Nothing contained in clause (1) shall affect 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 or affect transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the Shareholders at a Shareholders Meeting for approval
- (3) Notwithstanding anything contained in clauses (1) and (2) a Related Party may, in circumstances of urgent necessity enter, without obtaining the consent of the Board or the approval of shareholders of the Company as required under the Act, into any contract with the Company; but in such a case the consent of the Board or the approval of shareholders of the Company as required under the Act as the case may be, shall be obtained at a meeting within three months of the date of which the contract was entered into or such other period as may be prescribed under the Act.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution of the Board and the consent required under Clause (1) shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into or such other period as may be prescribed under the Act.
- (5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be avoidable at the option of the Board.
- (6) The audit committee of the Board may provide for an omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed by applicable law.

**Disclosure to the Members of Appointment of Manager, Whole-Time Directors, Managing Director or Secretaries and Treasurers**

161. (a) The company shall keep a copy of contract of service with managing or whole-time director in writing. Where the contract is not in writing, a written memorandum setting out terms of contract shall be kept.
- (b) The copies of the contract or the memorandum shall be open to inspection by any member of the company without payment of fee.

#### **Loans to Director etc.**

162. (a) Save as otherwise provided in the Act, the Company shall not, directly or indirectly, advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by,-
- (a) any director of company, or of a company which is its holding company or any partner or relative of any such director; or
  - (b) any firm in which any such director or relative is a partner
- (b) The Company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the Company is interested, subject to the condition that—
- (i) a special resolution is passed by the company in general meeting:  
Provided that the explanatory statement to the notice for the relevant general meeting shall disclose the full particulars of the loans given, or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security and any other relevant fact; and
  - (ii) the loans are utilised by the borrowing company for its principal business activities
- (c) However, nothing contained in this Article 162 (a) and (b) shall apply to -
- (a) giving of any loan to the managing or whole-time director—
  - (i) as a part of the conditions of service extended by the company to all its employees; or
  - (ii) pursuant to any scheme approved by the members by a special resolution; or
  - (b) in the ordinary course of its business provide loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three years, five years or ten years Government security closest to the tenor of the loan.
  - (c) any loan made by the Company to its wholly owned subsidiary company or any guarantee given or security provided by the Company in respect of any loan made to its wholly owned subsidiary company; and
  - (d) any guarantee given or security provided by the Company in respect of loan made by any bank or financial institution to its subsidiary company.
- Provided that the loans made under clauses (c) and (d) are utilised by the subsidiary company for its principal business activities

#### **Loans to Companies**

163. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security directly or indirectly to the Companies or bodies corporate as provided in Section 186 of the Act, exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more.

#### **Interested Director not to Participate or vote in Board's Proceedings**

164. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned, or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote on any contract of indemnity against any loss which it or any one of more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of one company or two or more of them together holds or hold not more than two percent of the paid up share capital of the other company

This Article is subject to the provisions of Section 184 of the Act.



**Register of Contracts in which Directors are interested**

165. The Company shall keep one or more Registers in which it shall be entered separately particulars of all contracts and arrangements to which Sections 184 and 188 of the Act apply.

**ROTATION AND APPOINTMENT OF DIRECTORS**

**Director may be Director of Companies Promoted by the Company**

166. A Director may be or become a Director of any Company or 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 197) or Section 188 of the Act may be applicable.

Subject to provisions of Section 152 of the Act, not less than two thirds of the total number of Directors shall:

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

**Ascertainment of Directors Retiring by Rotation and Filling up Vacancy**

167. (a) At every annual general meeting one-third of such directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearer to one-third, shall retire from office.

The Debenture Directors, Corporate Directors, Special Directors, Independent Directors, and Managing Director if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. Thus, Whole time Directors shall be liable to retire by rotation. In these Articles a “Retiring Director” means a Director retiring by rotation.

- (b) 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 became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot. A Retiring Director shall be eligible for re-election.
- (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.
- (d) I. if the place of the retiring Director is not so filled up and that 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.
- II. if at the adjourned meeting also, the place of the retiring Director is not filled up and that the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless-
  - (a) At that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

- (b) The retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
- (c) He is not qualified or is disqualified for appointment;
- (d) A resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act, or
- (e) The proviso to Section 162 of the Act is applicable to the case.

**Consent of Candidates for Directorship to be Filed with the Registrar**

168. Every person who is proposed as a candidature for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 152 of the Act in so far as they may be applicable.

**Company may Increase or Reduce the Number of Directors or Remove any Director**

169. Subject to the provisions of Sections 149, 151 and 152 of the Act, and these Articles the Company may, by special resolution, from time to time, increase or reduce the number of Directors and may prescribe or alter qualifications.

**Appointment of Directors to be Voted individually.**

170. (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided that for the automatic re-appointment of retiring Director in default of another appointment as hereinabove provided shall apply.
- (3) For the purpose of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

**Notice of Candidature for Office of Directors Except in Certain Cases**

171. (1) No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless he or some other member intending to propose him has, at least fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him as a Director for office as the case may be along with a deposit of One lakh Rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than twenty-five per cent of total votes cast.
- (2) The Company shall inform its members of the candidature of the person for the office of Director or the intention of a member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting. Provided that it shall not be necessary for the Company to serve individual notices on the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.
- (3) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his

candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.

- (4) A person, other than-
- (a) a Director, re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
  - (b) an additional or alternate Director or a person filling a casual vacancy in the office of a Director under Section 160 of the Act, appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director

**Register of directors and Notification of Change to Registrar**

172. (1) The Company shall keep at its Registered Office a Register containing the particulars of its Directors and key managerial personnel and other persons mentioned in Section 170 of the Act which shall include the detail of securities held by each of them in the Company or its holding, subsidiary of Company's holding company or company and shall send to the Registrar a Return containing the particulars specified in such Register and shall otherwise comply with the provisions of the said Section in all respects.
- (2) Such Register shall be kept open for inspection by any member or debenture holder to the Company as required by section 171 of the Act.

**Disclosure by Director of Appointment to any other Body Corporate**

173. Every Director (including a person deemed to be a Director of the Company Managing Director, Key Managerial Personnel, Manager or Secretary of the Company who is appointed to or relinquishes office of Director, Managing Director, Manager or Secretary of any other body corporate shall within thirty days of his appointment to, or as the case may be, relinquishment of such office disclose to the Company the particulars relating to the office in the other body corporate which are required to be specified under Section 170 of the Act.

**Disclosure by Directors of their Holdings of Shares and Debentures of the Company.**

174. Every director and every person deemed to be a Director of the Company shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

**Meeting of Directors**

175. (a) The Directors may meet together as a Board for transaction of business from time to time and shall so meet at least four times in every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meeting of the Board, which had been called in compliance with the terms herein mentioned, could not be held for want of quorum.
- (b) 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 recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time:

Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.

Provided further that where there is quorum in a meeting through physical presence of directors, any other director may participate through video conferencing or other audio visual means in such meeting on any matter specified under the aforementioned proviso.

- (c) Every director present at any meeting of the Board of Directors or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance there at

**When Meeting to be Convened**

176. Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

**Directors Entitled to Notice**

177. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

**Appointment of Chairman**

178. The Board may elect a Chairman of its meetings and determine the period for which he is to hold office. If no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, or if he is unwilling to act as Chairman of the Meeting, or if no Director has been so designated, the directors present may choose one of their number to be the Chairman of the meeting.

**Board may Appoint Managing Director**

179. (a) Pursuant to Section 203 of the Act, the Managing Director of the Company shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration.
- (b) Any Managing Director or/s or whole time Director/s so appointed shall not be required to hold any qualification shares.
- (c) Subject to the provisions of Sections 196, 197, and 203 of the Act and also subject to the limitations, conditions and provisions of Schedule V to the Act, the appointment and payment of remuneration to the above Director/s shall be subject to approval of the members in general meeting and of the Central Government, if required.
- (d) Subject to the superintendence, control and direction of the Board, the day to day management of the Company shall be vested with the Managing Director/s or Whole-time Director/s Manager, if any, with Power to the Board to distribute such day to day management functions in any manner as deemed fit by the Board subject to the provisions of the Act and these Articles.

**Meeting of Committee, how to be Governed**

180. (a) 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 meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors.
- (b) A committee may elect a Chairperson of its meetings. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be chairperson of the meeting.

**Resolution by Circular**

181. No Resolution by circular shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless such Resolution has been circulated in draft form, together with necessary papers, if any, to all the Directors, or to all the members for the Committee, as the case may be, at the respective addresses registered with the Company 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 members, who are entitled to vote on the resolution and has been approved by the majority of the Directors or Members of the Committee or by a majority of such of them as 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 by circular 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.

#### **Directors May Appoint Committees**

182. The Board shall constitute such committees as may be required under the Act, applicable provisions of Law and the Listing Regulations. Subject to the restrictions contained in Section 179 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of two or more members of its body as it thinks fit and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. A director shall not be a member of more than ten committees or act as a chairperson of more than five committees across all listed entities in which he is a director as determined by the Listing Regulations. The Chairman shall have a casting vote at committee meetings and the Board may from time to time, revoke and discharge such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of its appointment but not otherwise, shall have the like force and effect as if done by the Board.

#### **Acts of Board or Committee Valid Notwithstanding Defect of Appointment**

183. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in the Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

### **POWER OF DIRECTORS**

#### **Certain Powers to be Exercised by the Board**

184. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board –
- (i) to make calls on shareholders in respect of money unpaid on their shares;
  - (ii) to authorize buy-back of securities under Section 68 of the Act;
  - (iii) to issue securities, including debentures, whether in or outside India;
  - (iv) to borrow monies;
  - (v) to invest the funds of the Company;
  - (vi) to grant loans or give guarantee or provide security in respect of loans;
  - (vii) to approve financial statement and the Board's report;
  - (viii) to diversify the business of the Company;
  - (ix) to approve amalgamation, merger or reconstruction;
  - (x) to take over a company or acquire a controlling or substantial stake in another

- company;
- (xi) to make political contributions;
- (xii) to appoint or remove key managerial personnel (KMP);
- (xiii) to appoint internal auditors and secretarial auditor;
- (xiv) such other business as may be prescribed by the Act and rules made thereunder

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iv) to (vi) to the extent specified in clauses (b), (c) and (d) respectively on such conditions as the Board may prescribe.

- (b) Every resolution delegating the power referred to sub-clause (iv) of clause (a) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate,
- (c) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (d) Every resolution delegating the power referred to in sub-clause (vi) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual case.
- (e) Nothing in this article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i) to (x) of clause (a) above.

#### **Restriction on Powers of Board**

185. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:
- (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company more than one undertaking of the whole or substantially the whole of any such undertaking;
  - (ii) invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;
  - (iii) borrow moneys, where the money to be borrowed, together with moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the Company's bankers in the ordinary course of business; or
  - (iv) remit, or give time for the repayment of, any debt due from a director;
  - (v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount, the aggregate of which in any financial year, exceed five percent of its average net profits as determined in accordance with the provisions of Section 198 of the Act during the three financial years, immediately preceding, whichever is greater.
- (b) Nothing contained in sub-clause (a) above shall affect:

the title of a buyer or other person who buys or takes a lease of any property,

investment or undertaking as is referred to in that clause in good faith and after exercising due care and caution, or

the selling or leasing of any property of the Company where the ordinary business of the Company consists of, comprises such selling or leasing.

- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorize the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in exercise of the limit imposed by sub-clause (iii) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.
- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) Section 180 of the Act and in regard to the limitations on the power of the Company contained in Section 181 of the Act.

186.

#### **Directors May Appoint Committees**

Subject to the restrictions contained in Section 179 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of two or more members of its body as it thinks fit. A director shall not be a member of more than ten committees or act as a chairperson of more than five committees across all listed entities in which he is a director as determined by the Listing Regulations. The Chairman shall have a casting vote at committee meetings and the Board may from time to time, revoke and discharge such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of its appointment but not otherwise, shall have the like force and effect as if done by the Board.

187.

#### **Acts of Board or Committee Valid Notwithstanding Defect of Appointment**

All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in the Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

188.

#### **General Powers of the Company Vested in Directors**

Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorized to exercise and do and not hereby or by the stature or otherwise directed or required to be exercise or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other and act and of the Memorandum of Association and these articles and to any regulations, but being inconsistent with the Memorandum of Association and these articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

189.

#### **Specific Powers Given to Directors**

Without prejudice to the general powers conferred by Article 188 and the other powers

conferred by these presents and so as not in way to limit any or all of these powers, but subject however to provisions of the Act, it is hereby expressly declared that the Directors shall have following powers.

**To pay Registration Expenses**

- (i) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation establishment and registration of the Company;
- (ii) To pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Section 40 of the Act;

**To Acquire Property**

- (iii) Subject to the provisions of the Act and these articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, or Company carrying on the business which this company is authorized to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may deliver or may be advised to be reasonably satisfactory.

**To Purchase Lands, Buildings, Etc.**

- (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

**To Construct Buildings**

- (v) To effect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purpose of the Company and to acquire lands for the purposes of the Company.

**To Mortgage, Charge Property**

- (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 180 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit.

**To Pay for Property Etc.**

- (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture-stocks or other securities of the Company, and any such shares stock of other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

**To Insure**

- (viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, store, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;



**To Open Accounts**

- (ix) Subject to Section 179 of the Act, open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

**To Secure Contracts**

- (x) To secure the fulfillments of any contracts of engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

**To Attach to Shares such Conditions**

- (xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

**To Accept, Surrender, of Shares**

- (xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or any part thereof subject to the provisions of the Act;

**To appoint Attorney**

- (xiii) To appoint any person or persons (whether incorporated or not), to accept and hold in trust for the Company any property belonging to the Company or in which it is interested for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

**To Bring and Defend Actions**

- (xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 180 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

**To Refer to Arbitration**

- (xv) To refer, subject to the provisions of Section 180 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

**To Act on Insolvency Matters**

- (xvi) To act on behalf of the company in all matters relating to bankrupts and insolvents;

**To Give Receipts**

- (xvii) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 180 of the Act;

**To Authorize Acceptance**

- (xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend/interest warrants, release, contracts and documents on the Company's behalf;

**To Invest Moneys**

- (xix) Subject to the provisions of Sections 179, 180 and 186 of the Act, to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or release such investments;

**To Provide for Personal Liabilities**

- (xx) To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants' and provisions as shall be agreed on;

**To Give to Directors Etc. An Interest in Business**

- (xxi) Subject to such sanction as may be necessary under the Act or the articles, to give to any Director, Officer, or other persons employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

**To Provide for Welfare of Employees**

- (xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to payment by creating and from time to time subscribing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

**To Subscribe to Charitable and Other Funds**

- (xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or any other useful institutions, object or purposes for any exhibition;

**To Maintain Pension Funds**

- (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such Subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interest and well-being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid.
- (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

**To Create Reserve Fund**

- (xxvi) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Section 179 and 180 and other provisions of the Act) as the

directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption of redeemable preference shares, debentures or debenture-stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

**To Appoint Officers Etc.**

- (xxvii) The Board shall have specific power to appoint officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants.

**To Authorize by Power of Attorney**

- (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to the conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favor of any Company or the members, directors, nominees, or managers of any company or firm or otherwise in favor of an fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

**To Authorize, Delegate**

- (xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorize empower or delegate to (with or without powers of sub-delegation) and Director, Officer or Officers of Employee for the time for the time being of the Company and/or any other person, firm or Company all or any of the powers authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

**To Negotiate**

- (xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

**To make bye-laws**

- (xxxi) From time to time to make vary any legal bye-laws for the regulations of the business of the Company, its officers and servants.

190.

The Company shall provide the option to its shareholders to exercise their right to vote in meetings of the shareholders through electronic mode in accordance with Section 108 of the Act and shall vote only once

**Secretary**

191. Subject to the provisions of Section 203 of the Act, the Directors may, from time to time appoint and, at their discretion remove any individual (hereinafter called 'the Secretary' who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

**Seal**

192. (I) The Board of Directors shall provide a Common Seal for the purpose of the Company, shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for its safe custody for the time being under such regulations as the Board may prescribe.
- (II) The Seal shall never be used except by the authority, of the Directors or a committee of the Directors, previously given and every deed or other instrument to which a seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company or by an officer duly authorized in that behalf by resolution of the Board, be signed by one Directors at least in whose presence the seal shall have been affixed, provided nevertheless that the certificate of shares issued by the Company shall be sealed and signed as provided in the next following Article

Provided however that the certificates of shares shall be signed in the name manner as the certificates of the shares required to be signed in conformity with the provisions of the Companies (Share Capital and Debentures) Rules 2014 and their statutory modification for the time being in force.

- (III) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence

**Dividends Out of Profits Only**

193. (ii) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of money provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.

PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company propose to declare out of the accumulated profits by the Company in previous years and transferred by it to the free reserve, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf.

(iii) The depreciation shall be provided to the extent specified in Schedule II to the Act.

(iv) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

(v) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

(vi) No dividend shall bear interest against the Company.

#### **Interim Dividend**

194. The Board of Directors may from time to time, pay to the members such interim dividends as appears to it to be justified by the profits of the company in accordance with Section 123 of the Act.

#### **Debts May be Deducted**

195. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

#### **Capital Paid Up in Advance and Interest Not to Earn Dividend**

196. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to dividend or to participate in profits.

#### **Dividends in Proportion to Amount Paid-Up**

197. (a) Subject to the rights of the persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (b) 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.
- (c) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion of the period in respect of which the dividends is paid but if any share is issued in terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

#### **Right to Dividend, Right Shares and Bonus Shares to be held in Abeyance Pending Registration of Transfer of Shares**

198. Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall notwithstanding anything contained in any other provision of this Act, shall -

- (a) transfer the dividend in relation to such shares to the special account referred to in Section 123 unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and
- (b) Keep in abeyance in relation to such shares any offer of rights shares under Section 62 and any issue of fully paid-up bonus shares in pursuance of Section 123.

#### **No Member to receive Dividend whilst indebted to the Company and the Company's Right of Reimbursement Thereof**

199. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, while any money may be due or owing from him to the

Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

#### **Effect of Transfer of Shares**

200. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

#### **Dividends How Remitted**

201. The dividend payable in cash may be paid by cheque, direct credit to the beneficiaries bank account or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

#### **Notice of Dividend**

202. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

#### **Unpaid Dividend or Dividend Warrant Posted**

203. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in the name of the Company and transfer to the said Account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund maintained by the Central Government under the Act. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholder to whom the money is due.

No unclaimed dividend shall be forfeited by the Board unless the claim becomes barred by law.

#### **Dividend and call together**

204. Any General Meeting declaring as dividend may on the recommendations of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

### **CAPITALISATION**

#### **Capitalization**

205. (a) Any general meeting may resolve that any amount standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account or any moneys, investment or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, form

the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalized. Any such amount (excepting the amount standing to the credit of the Securities Premium Account and/or the Capital redemption Reserve Account) may be capitalized:

The sum aforesaid shall not be paid in cash but shall be applied, either in or towards—

- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii);
  - (iv) for the purchase of its own shares or other securities subject to the provisions of Section 68 of the Act.
  - (v) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (b) Such issue and distribution under Sub-clause (a) (i) above and such payment to the credit of unpaid share capital sub-clause (a) (ii) above shall be made to, among and, in favor of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (ii) above shall be made on the footing that such members become entitled thereto as capital;
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.
- (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture-stock; bonds or other obligations in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debenture, debenture-stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
- (e) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalization may be effected by the distribution of further shares in respect of the fully paid shares, and in respect of the partly paid shares the sums so applied in the extinguishments or diminution of the liability on the partly paid shares shall be so applied *pro rata* in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
- (f) When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on

behalf of the members entitled as aforesaid and such appointment shall be effective.

## **ACCOUNTS**

### **Accounts**

206. The provisions of Sections 128 to 138 of the Act and the relevant accounting standards shall be complied with in so far as the same is applicable to the Company.

### **Books of Accounts to be kept**

207. (a) The Company shall keep at its Registered Office proper books of accounts as required by Section 128 of the Act with respect to :

- (i) All sums of money received and expected by the Company and the matters in respect of which the receipt and expenditure take place;
- (ii) All sales and purchases of goods and services by the Company;
- (iii) The assets and liabilities of the Company; and
- (iv) The items of cost as may be prescribed under Section 148 of the Act and applicable to the Company.

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors so decide, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving full address of that other place.

- (b) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transaction effected at that office shall be kept at that office and proper summarized returns made up to date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.
- (c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office as the case may be with respect to the matters aforesaid and explain the transactions.
- (d) The books of account shall be open to inspection by any Director during business hours as provided by Section 128 of the Act.
- (e) The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

### **Inspection by Members**

208. The Directors shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulation the account, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorized by the Directors or by a resolution of the Company in general meeting.

### **Statement of Account to be furnished to General Meeting**

209. The Board of Directors shall lay before each annual general meeting a Financial Statements for the financial year of the Company which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.



**Financial Statement**

210. (a) Subject to the provisions of Section 129 of the Act, every Financial Statement of the Company shall be in the forms set out in Schedule II of the Act, or as near there to as circumstances admit.
- (b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 129 and other applicable provisions of the Act.
- (c) If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

**Authentication of Financial Statement**

211. (a) The Financial Statements shall be signed in accordance with the provisions of Section 134 of the said Act.
- (b) The Financial Statement, shall be approved by the Board of Directors before they are submitted to the auditors for report thereon.

**Profit and Loss Accounts to be Annexed and Auditors' Report to be attached to the Balance Sheet.**

212. The Profit and Loss Account shall be annexed to the Balance and the Auditors' Report including the Auditor's separate, special or supplementary report, if any, shall be attached thereon.

**Board's Report to be Attached to Financial Statement**

213. (a) Every Financial Statement laid before the Company in General Meeting shall have attached to it a Report by the Board of Directors with respect to the State of the Company's affairs and such other matters as prescribed under Section 134 of the Act and the Rules made thereunder.
- (b) The Report shall so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company of Company's business, or of the Company's subsidiaries or in the nature of the business in which the Company has an interest.
- (c) The board shall also give the fullest information and explanation in its Report or in cases falling under the proviso to Section 129 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report.
- (d) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorized in that behalf by the Board; and where he is not so authorized shall be signed by such number of Directors as are required to sign the Financial Statements of the Company by virtue of sub-clauses (a) and (b) of Article 211 and in accordance with the Listing Regulations, as applicable.
- (e) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of sub-clauses (a) and (b) of this Article are complied with.
- (f) Every Financial Statement of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards in matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by the shareholders at a subsequent general

meeting.

**Right of Members to copies of Financial Statement and Auditor's Report**

214. A copy of every Financial Statement and the auditor's report and every other document required by law to be annexed or attached, as the case may be; to the balance sheet which is to be laid before the Company in General Meeting, shall be made available for inspection at the Registered Office of the Company during the working hours for a period of 21 days before the date of the meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid as may be permitted by Section 136 of the Act and as the Company may deem fit, will be sent to every member of the Company and to every Trustees for the holders of any debentures issued by the Company, not less than 21 days before the meeting as laid down in Section 136 of the Act. Provided that it shall not be necessary to send copies of the documents aforesaid to:

- (a) to a member or holder of the debenture of the Company who is not entitled to have the notice of general meeting of the Company sent to him and whose address the Company is unaware;
- (b) to more than one of the joint holder of any shares or debentures some of whom are and some of whom are not entitled to have such notice sent to them, by those who are not so entitled.

**A copy of the Financial Statement etc. to be filed with Registrar**

215. After the Financial Statements have been laid before the Company at the annual general Meeting, a copy of the Financial Statement duly signed as provided under Section 137 of the Act together with a copy of all documents which are required to be annexed there shall be filed with the Registrar so far as the same be applicable to the Company.

**AUDIT**

**Financial Statement to be audited**

216. Every Financial Statement shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

**Appointment of Auditors**

217. The Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 139 to 148 of the Act, alongwith the Rules made thereunder.

**Audit of Branch Office**

218. The Company shall comply with the provisions of Section 143 of the Act in relation to the audit of the accounts of branch offices of the Company, except to the extent to which any exemption may be granted by the Central Government, in that behalf.

**Auditors to have access to the Books of the Company**

219. (a) The Auditor/s of the Company shall have a right of access at all times to the books and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor/s.
- (b) All notice of and other communications relating to, any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company and the Auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends to any part of the business which concerns him as Auditor.

**Financial Statement When Audited and Approved to be Conclusive**

220. Every Financial Statement when audited and approved by a General Meeting shall be

conclusive except where it appears to the directors that—

(a) the financial statement of the Company; or

(b) the report of the Board,

do not comply with the provisions of Section 129 or Section 134 they may prepare revised Financial Statement or a revised report in respect of any of the three preceding financial years after obtaining approval of the Court or Tribunal as applicable on an application made by the Company in such form and manner as may be prescribed by the Central Government and a copy of the order passed by the Court or the Tribunal as applicable shall be filed with the Registrar:

#### **Authentication of Documents and Proceedings**

221. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Key Managerial Personnel or an officer or an employee of the Company duly authorized by the Board in this behalf and need not be under its Seal.

### **DOCUMENTS AND NOTICES**

#### **Service of Documents on Members by the Company**

222. (i) A document or notice may be served by the Company on any member thereof either personally or by sending it, by registered post or speed post or by courier service or electronic means or such other modes as may be prescribed under the Act from time to time, to him at his registered address or if he has no registered address in India, to the address if any, within India, supplied by him to the Company for serving documents or notices to him
- (ii) Where a document or notice is sent by post or courier service:
- (a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or the notice provided that where a member has intimated to the Company in advance that documents should be sent to him by specified manner and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents or notice shall not be deemed to be affected unless it is sent in the manner intimated by the members; and
- (b) Such service shall be deemed to have been affected:
- (i) In the case of a notice of meeting at the expiration of forty-eight hours after the letter containing the same is posted; and
- (ii) in any other case at the time at which the letter would be delivered in the ordinary course of post.
- (iii) A document or notice advertised in a newspaper circulation in the neighborhood of the Registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
- (iv) A document or notice may be served by the Company on the joint holders of a share by serving it to the joint holder named first in the Register in respect of the share.
- (iii) A document or notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a pre-paid letter, addressed to them by name, or by title of representatives of the deceased, or

assignees of the insolvent or by any like description, at the address if any, in India supplied for the purpose by the person claiming to be so entitled or until such an address has been so supplied, by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.

- (iv) The signature to any document or notice to be given by the Company may be written or printed or lithographed.

**To Whom Documents must be Served or Given.**

223. Document of notice of every general meeting shall be served or given in the same manner herein before authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member, c) directors and (d) the auditor or auditors for the time being of the Company, PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulation in the neighborhoods of the office of the Company under Article 99, a statement of material facts, referred to in Article 100 need not be annexed to the notice as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

**Members Bound by Documents or Notice Served on or Given to Previous Holders**

224. Every person, who by operation of law, transfer or other means whatsoever, has become entitled to share shall be bound by every document or notice in respect of such share which prior to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derived his title to such share.

**Service of Documents on Company**

225. A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by Registered Post or by speed post or by courier services or by electronic means or by leaving it at its Registered Office or such other modes as may be prescribed under the Act from time to time.

**Service of Documents by Company on the Registrar of Companies**

226. Subject to provisions in the Act, a document may be served on the Registrar of Companies by sending it to him at his office by Registered Post, or speed post or by courier services or by delivering it to or leaving it for him at his office or address or by such electronic or other mode as may be prescribed under the Act from time to time.

**REGISTERS AND DOCUMENTS**

**Registers and Documents to be Maintained by the Company**

227. The Company shall keep and maintain Registers, Books and documents as required by the Act or these Articles.

**Maintenance and inspection of documents in electronic form**

228. Without prejudice to any other provisions of this Act, any document, record, register, minutes, etc., —  
(a) Required to be kept by a company; or  
(b) Allowed to be inspected or copies to be given to any person by a company under this Act, may be kept or inspected or copies given, as the case may be, in electronic form in such form and manner as may be determined by central government by the Central Government.

**Inspection of Registers**

229. Subject to provisions of the Act and the provisions in the Articles, the Registers maintained under the Act and the minutes of all proceedings of General Meetings shall be open to inspection during any working day during business hours and extracts may be taken there from and copies thereof may be required by any member of the Company in the same

manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company i.e., by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of fee of Rupees 50/- for each inspection. Subject to provisions of the Act and the provisions in the Articles, the copies of entries in the Registers maintained under the Act shall be furnished to the persons entitled to the same on payment of Rs. 10/- for each page. .

#### **OPERATION OF BANK ACCOUNT**

All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board of Directors may, from time to time, by resolution determine.

#### **WINDING UP**

##### **Distribution of Assets**

230. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

##### **Distribution in Specie or Kind.**

231. Subject to the provisions of the Act:
- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right; if any to dissent and ancillary rights as if such determination were a special resolution, pursuant to Section 494 of the Companies Act, 1956 or Section 319 of the Companies Act's applicable at the time of application.
- (c) In case any shares to be divided as aforesaid involves a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution but notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

## **SECRECY CLAUSE**

### **Secrecy Clause**

232. (a) Every Director, Key Managerial Personnel, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties sign a declaration pleading himself to observe a strict secrecy respecting all transactions and affairs of the company with the customers and the state of the accountants with individuals and in matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No Member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

## **INDEMNITY AND RESPONSIBILITY**

### **Directors and Others Right to Indemnity**

233. Every Director, Managing Director, Whole-time Director, Manager, Secretary and other Officer or employee or authorised representative of the Company shall be indemnified by the Company and for this purpose may have relevant third party insurances procured by the Company in their favour, for all costs, fees, penalty, deposit, losses and expenses (including travelling expenses) which such Director, Manager, Secretary, Officer or employee or authorized representative may suffer or is likely to suffer in any way during the course of discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims. Provided that no Director, Managing Director, Whole-time Director, Manager, Secretary and other Officer or employee or authorized representative of the Company shall be entitled to be indemnified by the Company or have insurance procured therefor in circumstances where any amounts directly or indirectly arise out of or in connection with any fraud, gross negligence, breach of trust or material and willful default on the part of such Director, Managing Director, Whole-time Director, Manager, Secretary and other Officer or employee or authorized representative of the Company.

### **Director and Other Officers Not Responsible for the Acts of Others**

234. Subject to the provisions of the Act, no Director, Managing Director, Whole-time Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the nominees of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties or in relation thereto, unless the same happens through his own dishonesty.

An Independent Director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.

## **SOCIAL OBJECTIVE**

235.

### **Social Objective**

The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.

## SECTION IX –OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be delivered to the RoC for filing. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. IST and 5 p.m. IST on all Working Days from date of the 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 other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other Applicable Law.

#### *Material Contracts to the Offer*

1. Offer Agreement dated March 12, 2021 entered into among our Company, the Selling Shareholder and the BRLM.
2. Registrar Agreement dated February 6, 2021 entered into among our Company, the Selling Shareholder and the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated July 27, 2021 entered into among our Company, the Selling Shareholder, the BRLM, the Syndicate Members, Banker(s) to the Offer and the Registrar to the Offer.
4. Share Escrow Agreement dated July 13, 2021 entered into among the Selling Shareholder, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated July 27, 2021 entered into among the Book Running Lead Manager, members of the Syndicate, our Company, the Selling Shareholder and the Registrar to the Offer.
6. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholder and the Underwriters.
7. Monitoring Agency Agreement dated July 26, 2021 between our Company and the Monitoring Agency.

#### *Material Documents*

1. Certified copies of our Memorandum of Association and Articles of Association, as amended until date.
2. Certificate of incorporation dated January 2, 2008.
3. Fresh certificate of incorporation dated February 19, 2018 issued consequent to change in name of the Company from “Ricasil Ceramic Industries Private Limited” to “Exxaro Tiles Private Limited” and fresh certificate of incorporation dated December 28, 2020 upon conversion into a public company.
4. Resolution of the Board of Directors of our Company, dated January 8, 2021, approving the Offer and other related matters.
5. Resolution of our Shareholders dated January 18, 2021 approving the Offer and other related matters.
6. Resolution of the Board of Directors of our Company, dated March 13, 2021 approving the Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.
7. Consent letter dated January 25, 2021 provided by the Selling Shareholder, consenting to participate in the Offer for Sale.
8. Board Resolution dated January 6, 2021 approving the terms of appointment and remuneration of Mr. Mukeshkumar Patel.



9. Board Resolution dated January 6, 2021 approving the terms of appointment and remuneration of Mr. Kirankumar Patel.
10. Board Resolution dated January 6, 2021 approving the terms of appointment and remuneration of Mr. Dineshbhai Patel.
11. Copies of annual reports for the last three Financial Years, i.e., Financial Years 2021, 2020, 2019.
12. Statement of special tax benefits dated March 13, 2021 from the Statutory Auditors included in this Red Herring Prospectus.
13. Consent of the Statutory Auditors dated January 31, 2021 read with consent letter dated June 16, 2021 to include their name as required under Section 26(5) of the Companies Act read with SEBI ICDR Regulations and referred to as an “expert” as defined under Section 2(38) of the Companies Act to the extent and in their capacity as the Statutory Auditor, and for inclusion of their examination report dated July 8, 2021 on examination of our Restated Financial Information and the statement of possible special tax benefits in the form and context in which it appears in this Red Herring Prospectus.
14. Consents of our Directors, Bankers to our Company, the BRLM, Registrar to the Offer, the Syndicate Members, Banker(s) to the Offer/Escrow Bank, Public Offer Account Bank, Sponsor Bank and Refund Bank, the Monitoring Agency, legal counsel, lenders to the Company (where such consent is required), Company Secretary and Compliance Officer of our Company, Chief Financial Officer, as referred to act, in their respective capacities.
15. Consent letter dated February 12, 2021 from Brickworks to use their report titled “Ceramic Tiles Industry”.
16. Industry report entitled "Ceramic Tiles Industry" dated January 11, 2021, as amended prepared by Brickworks.
17. In-principle listing approvals dated April 1, 2021 and May 3, 2021 from BSE and NSE, respectively.
18. Tripartite Agreement dated January 28, 2021 among our Company, NSDL and the Registrar to the Offer.
19. Tripartite Agreement dated January 13, 2021 among our Company, CDSL and the Registrar to the Offer.
20. Due diligence certificate to SEBI from the BRLM, dated March 15, 2021.
21. Certificate dated June 3, 2021 from the Statutory Auditors certifying compliance of Regulation 8 of the SEBI Regulation with respect to the Equity Shares offered for sale in the Offer.
22. Certificate dated July 15, 2021 from the Statutory Auditors certifying that the borrowings of the Company have been utilized for the purposes for which such borrowings were availed.
23. SEBI final observation letter number SEBI/WRO/OW/BK/2021/13288 dated June 23, 2021.

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 with the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

### **DECLARATION BY OUR COMPANY**

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, 1992, 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, 2013, the Securities Contracts (Regulation) Act 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI Act, 1992 or the rules framed or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

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**Mr. Mukeshkumar Patel**  
Chairman & Managing Director

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**Mr. Kirankumar Patel**  
Whole-Time Director

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**Mr. Dineshbhai Patel**  
Whole-Time Director

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**Mr. Kamal Dave**  
Independent Director

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**Mr. Daxeshkumar Thakkar**  
Independent Director

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**Mrs. Nidhi Gupta**  
Independent Director

### **SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Mr. Himanshu Shah**  
Chief Financial Officer

**Date:** July 28, 2021  
**Place:** Gujarat

## **DECLARATION**

I, Dixitkumar Patel, hereby confirm that all statements, disclosures and undertakings specifically made by me in this Red Herring Prospectus in relation to myself, as the Selling Shareholder and my Offered Shares, are true and correct. I assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Red Herring Prospectus.

**SIGNED BY DIXITKUMAR PATEL**

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**Date: July 28, 2021**