



**Draft Prospectus**  
**Dated: January 03, 2022**  
**Please read section 26 & 32 of the**  
**Companies Act, 2013**  
**100% Fixed Price Issue**

## SAFA SYSTEMS & TECHNOLOGIES LIMITED

Our Company was originally incorporated as “*Safa Systems & Solutions*”, a Partnership firm in the state of Kerala on October 18, 2012. Subsequently, we have converted the Partnership firm into a Public Limited Company in the name of “*Safa Systems & Technologies Limited*” on September 21, 2021 bearing Corporate Identification Number U52100KL2021PLC071051 vide Certificate of Incorporation issued by Registrar of Companies-Central Registration Centre. For further details, please refer to section titled “*Our History and Certain Corporate Matters*” beginning on page no 97 of this Draft Prospectus.

**Registered office:** 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Emakulam-682028, Kerala, India  
**Contact Person:** Ms. Pushpita Dasgupta, Company Secretary & Compliance Officer; Tel. No.: 7593001140  
**E-Mail ID:** [office@sssinfo.in](mailto:office@sssinfo.in); **Website:** [www.sssinfo.in](http://www.sssinfo.in); **CIN.:** U52100KL2021PLC071051

### OUR PROMOTERS: (I) MR. FAIZAL BAVARAPARAMBIL ABDUL KHADER (II) MR. BAVARAPARAMBIL ABDHULKADHER HYDROSE

THE ISSUE	
<p><b>INITIAL PUBLIC OFFER OF 40,00,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (“EQUITY SHARES”) OF SAFA SYSTEMS &amp; TECHNOLOGIES LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹10/- PER EQUITY SHARE AT PAR (THE “ISSUE PRICE”), AGGREGATING TO ₹400.00 LAKHS (“THE ISSUE”), OF WHICH 2,00,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH FOR CASH AT A PRICE OF ₹10/- PER EQUITY SHARE, AGGREGATING TO ₹20.00 LAKHS WILL BE RESERVED FOR SUBSCRIPTIONS BY THE MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 38,00,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH FOR CASH AT A PRICE OF ₹10/- PER EQUITY SHARE, AGGREGATING TO ₹380.00 LAKHS IS HERE IN AFTER REFERRED TO AS “THE NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.53% AND 25.20% RESPECTIVELY OF THE POST ISSUE PAIDUP EQUITY SHARE CAPITAL OF THE COMPANY.</b></p>	
<p><b>THE FACE VALUE OF THE EQUITY SHARE IS ₹10/- EACH AND THE ISSUE PRICE IS ₹10/- i.e. 1 TIME OF THE FACE VALUE OF THE EQUITY SHARES. THE MINIMUM LOT SIZE IS 10,000 EQUITY SHARES</b></p>	
<p>THIS OFFER IS BEING MADE IN TERMS OF CHAPTER IX OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2018 (THE “SEBI ICDR REGULATIONS”) READ WITH RULE 19(2)(b)(i) OF SCRR AS AMENDED. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET OFFER TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 253(2) OF THE SEBI (ICDR) REGULATIONS, 2018. (For further details please see “<i>The Issue</i>” beginning on page no. 28 of this Draft Prospectus.) A copy will be delivered for filing to the Registrar of Companies as required under sub-section 4 of Section 26 of the Companies Act, 2013.</p>	
<p>In terms of Regulation 256 of SEBI ICDR Regulations read with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, and Unified Payments Interface (UPI) introduced vide SEBI Circular Ref: SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 all the potential investors shall participate in the issue only through an Application Supported by Blocked Amount (“ASBA”) process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks (“SCSBs”) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) process or UPI payment mechanism by providing UPI ID in the Application Form which is linked from Bank Account of the investor. (For details in this regard, specific attention is invited to “<i>Issue Procedure</i>” beginning on page no. 164 of this Draft Prospectus.)</p>	
RISK IN RELATION TO THE FIRST ISSUE	
<p>This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the equity shares is ₹10/- each and the issue price is at par of face value of the equity share. The issue price should not be taken to be indicative of the market price of the equity shares after the equity shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.</p>	
GENERAL RISKS	
<p>Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this 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 this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of “<i>Risk factors</i>” beginning on page no. 17 of this Draft Prospectus.</p>	
ISSUER’S ABSOLUTE RESPONSIBILITY	
<p>The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the offer document 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.</p>	
LISTING	
<p>The Equity Shares of our company issued through this Draft Prospectus are proposed to be listed on the <b>SME Platform of BSE Limited</b>. In terms of the Chapter IX of the SEBI ICDR Regulations, as amended from time to time, our company has received “in-principal” approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE Limited. For the purposes of the issue, the <b>Designated Stock Exchange will be BSE Limited (“BSE”)</b>.</p>	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>FINSHORE</b>  <small>Creating Enterprise Managing Values</small></p> <p><b>FINSHORE MANAGEMENT SERVICES LIMITED</b>  Anandlok”, Block-A, 2<sup>nd</sup> Floor, Room No. 207,  227 A.J.C Bose Road, Kolkata-700020, West Bengal  <b>Telephone:</b> 033 – 22895101  <b>Email:</b> <a href="mailto:ramakrishna@finshoregroup.com">ramakrishna@finshoregroup.com</a>  <b>Contact Person:</b> Mr. S. Ramakrishna Iyengar  <b>Website:</b> <a href="http://www.finshoregroup.com">www.finshoregroup.com</a>  <b>Investor Grievance Email:</b> <a href="mailto:info@finshoregroup.com">info@finshoregroup.com</a>  <b>SEBI Registration No:</b> INM000012185  <b>CIN No:</b> U74900WB2011PLC169377</p>	 <p><b>CAMEO CORPORATE SERVICES LIMITED</b>  “Subramanian Building”, #1, Club House Road,  Chennai - 600 002, India  <b>Telephone:</b> +91-44-40020700, 28460390  <b>Facsimile:</b> +91-44-28460129  <b>Email:</b> <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a>  <b>Contact Person:</b> Mr. R.D. Ramasamy, Director  <b>Website:</b> <a href="http://www.cameoindia.com">www.cameoindia.com</a>  <b>SEBI Registration Number:</b> INR000003753  <b>CIN No:</b> U67120TN1998PLC041613</p>
ISSUE PROGRAMME	
ISSUE OPEN ON: [●]	ISSUE CLOSE ON: [●]

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## SECTION I: GENERAL

### DEFINITION AND ABBREVIATIONS

This draft prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the respective meanings given below. References to statutes, regulations, rules, guidelines and policies will be deemed to include all amendments and modifications thereto as amended from time to time.

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this draft prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

#### General Terms

TERMS	DESCRIPTIONS
“Safa Systems & Technologies Limited”, “SSTL”, “Safa”, “The Company”, “Our Company”, “Issuer Company” or “Issuer”	Unless the context otherwise indicates or implies “ <b>Safa Systems &amp; Technologies Limited</b> ” a Public Limited Company incorporated under the provision of Companies Act, 2013 and having its Registered Office at 46/2631 B, Safa Arcade, Kaniyapilly Road Chakkaraparambu, Ernakulam-682028, Kerala, India.
“we”, “our” or “us”	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries, Associates and Group Companies.
Our Promoters or Promoters of the Company	The promoters of our company being “ <b>Mr. Faizal Bavaramparambil Abdul Khader</b> ” and “ <b>Mr. Bavaramparambil Abdhulkadher Hydrose</b> ”.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 and as disclosed under Section titled “Our Promoters and Promoter Group”
M/s. Safa Systems & Solutions	A Partnership firm of the promoters of the company which was converted in to the issuer company

#### Company Related Terms

TERMS	DESCRIPTIONS
“Articles” or “Articles of Association” or “AOA”	The Articles of Association of our Company, as amended from time to time.
Auditor/Statutory Auditor/Peer Review Auditor	Independent Auditor having a valid Peer Review certificate in our case being “ <b>M/s. Kapish Jain &amp; Associates</b> ” Chartered Accountants, having its office at 504, B-Wing, Statesman House, 148 Barakhamba Road, New Delhi – 110001, India.
Audit Committee	Audit Committee of our Company constituted in accordance with Companies Act, 2013 as disclosed in the Section titled “ <b>Our Management</b> ” on page no. 99 of this draft prospectus.
“Board of Director(s)” or “the/our Board”	Unless otherwise specified, The Board of Directors of our Company, as duly constituted from time to time, including any committee(s) thereof.
“CFO” or Chief Financial Officer	The Chief Financial Officer of our company being “ <b>Mr. Harikrishnan Raghunathan Nair</b> ”.
CIN	Corporate Identification Number being U52100KL2021PLC071051 of our Company
Companies Act	The Companies Act, 2013 and amendments thereto. The Companies Act, 1956, to the extent of such of the provisions that are in force.
Company Secretary & Compliance Officer	The Company Secretary & Compliance Officer of our company being “ <b>Ms. Pushpita Dasgupta</b> ”.
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee in accordance with Companies Act, 2013 as disclosed in the Section titled “ <b>Our Management</b> ” on page no. 99 of this draft prospectus.
DIN	Directors Identification Number.
Director/Director(s)	The directors of our Company, unless otherwise specified
ED	Executive Director
Equity Shares	The Equity Shares of our Company of face value of ₹10/- each, fully paid-up, unless otherwise specified in the context thereof.
Equity Shareholders	Persons/Entities holding Equity Shares of our Company.
Export	Export means taking goods out of India to a place outside India
Group Companies/Entities	Such companies with which there were related party transactions, during the period for which financial information is disclosed in this draft prospectus, which are covered under the applicable accounting standards and other companies as considered material by our Board, as identified in “ <b>Group Entities of our Companies</b> ” on page no. 112 of this draft prospectus.
HUF	Hindu Undivided Family.
IBC	The Insolvency and Bankruptcy Code, 2016
IFRS	International Financial Reporting Standards



TERMS	DESCRIPTIONS
Ind AS	Indian Accounting Standard
Ind GAAP	Generally Accepted Accounting Principles in India.
Import	Import means bringing goods into India from a place outside India
Independent Director	Non-executive & Independent Director as per the Companies Act, 2013
IT Act	The Income Tax Act, 1961 as amended till date
JV / Joint Venture	A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.
ISIN	International Securities Identification Number In this case being “INE0JNA01014”
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI ICDR Regulations 2018, Section 2(51) of the Companies Act, 2013 and as disclosed in the chapter titled “ <b>Our Management</b> ” beginning on page no. 99 of this draft prospectus.
MD	Managing Director
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board in accordance with the requirements of the SEBI (ICDR) Regulations
Memorandum/Memorandum of Association/MoA	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	Nomination and Remuneration committee of our Company constituted in accordance with the Companies Act, 2013 as disclosed in the Section titled “ <b>Our Management</b> ” on page no. 99 of this draft prospectus.
Non-Residents	A person resident outside India, as defined under FEMA Regulations, 2000
Promoters	Shall mean promoters of our Company as mentioned in this draft prospectus.
Promoter Group	Includes such Persons and entities constituting our promoter group covered under Regulation 2(1)(pp) of the SEBI (ICDR) Regulations as enlisted in the section titled “ <b>Our Promoter and Promoter Group</b> ” beginning on page no. 109 of this draft prospectus.
Registered Office	Registered Office of the Company is presently situated at 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India
Restated Financial Statement	Audited Financial Statements of the partnership firm for the period ended October 07, 2021 and financial Years ended 31 <sup>st</sup> March 2021, 31 <sup>st</sup> March 2020 and 31 <sup>st</sup> March 2019 as restated in accordance with SEBI (ICDR) Regulations.
RoC/Registrar of Companies	The Registrar of Companies, Kerala.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
Shareholders	Shareholders of our Company
Subscriber to MOA	Initial Subscriber to MOA
WTD	Whole Time Director
Stakeholders Relationship Committee	Stakeholder’s relationship committee of our Company constituted in accordance with the Companies Act, 2013 as disclosed in the Section titled “ <b>Our Management</b> ” on page no. 99 of this draft prospectus.
Willful Defaulter(s)	A person or an issuer who or which is categorized as a willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India, as defined under Regulation 2(1)(III) of SEBI ICDR Regulations 2018.

#### Issue Related Terms

TERMS	DESCRIPTIONS
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of having accepted the Application Form.
Allot/Allotment/Allotted of Equity Shares	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of the Equity Shares to the successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee(s)	A successful Applicant (s) to whom the Equity Shares are being/have been issued/allotted.
Applicant/Investor	Any prospective investor who makes an application pursuant to the terms of the draft prospectus and the Application Form.
Application	An indication to make an offer during the Issue Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.



TERMS	DESCRIPTIONS
Application Form	The form in terms of which an Applicant shall make an Application and which shall be considered as the application for the Allotment pursuant to the terms of this draft prospectus.
Application Supported by Blocked Amount or ASBA or UPI	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid authorizing a SCSB to block the Bid Amount in the ASBA Account including the bank account linked with UPI ID. Pursuant to SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) process or UPI payment mechanism by providing UPI ID in the Application Form which is linked from Bank Account of the investor.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a Retail Individual Investor which is blocked upon acceptance of a UPI Mandate Request made by the Retail Individual Investors using the UPI Mechanism
ASBA Applicant(s)	Any prospective investors in this Issue who apply for Equity Shares of our Company through the ASBA process in terms of this draft prospectus.
ASBA Forms	An application form (with or without the use of UPI, as may be applicable), whether physical or electronic, used by ASBA Applicants, which will be considered as the application for Allotment in terms of the draft prospectus.
ASBA Application Location(s) / Specified Cities	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <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.
Banker to the Issue	Bank which are clearing members and registered with SEBI as banker to an issue and with whom the Public Issue Account will be opened, in this case being “[●]”.
Banker to the Issue Agreement	Agreement dated [●] entered into amongst the Company, Lead Manager, the Registrar and the Banker to the Issue.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue, as described in the Section titled, “ <i>Issue Procedure - Basis of Allotment</i> ” beginning on page no. 164 of this draft prospectus.
Broker Centers	Broker centers notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centers, along with the names and contact details of the Registered Brokers, are available on the website of the BSE on the following link: <a href="http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3">http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3</a>
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue.
Business Day	Monday to Saturday (except 2nd & 4th Saturday of a month and public holidays).
BSE	BSE Limited
BSE SME	The SME Platform of BSE Limited, as per the Rules and Regulations laid down by SEBI for listing of equity shares
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Collection Centers	Centers at which the Designated Intermediaries shall accept the ASBA Forms.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. <i>CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015</i> , issued by SEBI.
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, being NSDL and CDSL.
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1966.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names



TERMS	DESCRIPTIONS
	and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.bseindia.com
Designated Date	The date on which the funds are transferred by the Escrow Collection Bank from the Escrow Account(s) or the instructions are given to the SCSBs to unblock the ASBA Accounts including the accounts linked with UPI ID and transfer the amounts blocked by SCSBs as the case may be, to the Public Issue Account, as appropriate in terms of the draft prospectus and the aforesaid transfer and instructions shall be issued only after finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange.
Designated Intermediaries/Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e., www.bseindia.com
Designated Stock Exchange	BSE Limited
Draft Prospectus	The Draft Prospectus dated January 03, 2022 issued in accordance with Section 26 & 32 of the Companies Act, 2013 filed with BSE Limited under SEBI (ICDR) Regulations.
DP	Depository Participant.
DP ID	Depository Participant's Identity number.
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom this draft prospectus constitutes an invitation to subscribe for the Equity Shares Issued herein on the basis of the terms thereof.
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the draft prospectus constitutes an invitation to purchase the Equity Shares Issued thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Electronic Transfer of Funds	Refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
Equity Shares	Equity Shares of our Company of face value ₹10/- each.
FII/Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
Foreign Venture Capital Investors	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
FPI / Foreign Portfolio Investor	A Foreign Portfolio Investor who has been registered pursuant to the of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
General Information Document / GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time.
GIR Number	General Index Registry Number.
IPO	Initial Public Offering
Issue/Public Issue/Issue Size Initial Public Issue/IPO	Public issue of <b>40,00,000</b> Equity Shares of face value of ₹10/- each of our Company for cash at a price of <b>₹10/-</b> per Equity Share at par aggregating to <b>₹400.00</b> Lakhs by our Company, in terms of this draft prospectus.
Issue Agreement	The Issue Agreement dated December 03, 2021 between our Company and Lead Manager.
Issue Closing Date	The date on which Issue Closes for Subscription.
Issue Opening Date	The date on which Issue Opens for Subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which prospective Investors may submit their application.
Issue Price	The price at which Equity Shares are being issued by our Company being ₹10/- per Share.
Issue Proceeds	The proceeds of the Issue as stipulated by the Company. For further information about use of the Issue Proceeds please refer to Section titled " <b>Objects of the Issue</b> " beginning on page no. 50 of this draft prospectus.
Lead Manager/LM	means a merchant banker registered with the Board and appointed by the issuer to manage the issue and in case of a book-built issue, the lead manager(s) appointed by the issuer shall act as the book running lead manager(s) for the purposes of book building. Lead Manager to the Issue, in this case being " <b>Finshore Management Services Limited</b> ".



TERMS	DESCRIPTIONS
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the BSE Limited.
Market Maker	Member Brokers of BSE who are specifically registered as Market Makers with the BSE. In our case, “[●]” is the Market Maker to the Issue.
Market Making Agreement	The Market Making Agreement dated [●] between our Company, Lead Manager and Market Maker.
Market Maker Reservation Portion	Up to <b>2,00,000</b> Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹20.00 Lakhs only.
Mutual Fund(s)	Mutual fund (s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of up to <b>38,00,000</b> Equity Shares of face value ₹10/- each for cash at an Issue price of ₹10/- per Equity Share (the “Issue Price”), aggregating up to ₹380.00 Lakhs Only.
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company.
NPCI	National Payments Corporation of India (NPCI), a Reserve Bank of India (RBI) initiative, is an umbrella organization for all retail payments in India. It has been set up with the guidance and support of the Reserve Bank of India and Indian Banks Association (IBA)
Non-Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹2.00 Lakh (but not including NRIs other than Eligible NRIs).
Other Investor	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB’s) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. <b>OCBs are not allowed to invest in this Issue.</b>
Other Investors	Investors other than Retail Individual Investors. These include individual Applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust, or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	The prospectus dated [●] filed with the RoC in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013 and SEBI ICDR Regulations.
Public Issue Account	The Bank Account opened with the Banker(s) to this Issue under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Accounts on the Designated Date.
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations.
Registered Brokers	Stockbrokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
Registrar to the Issue/RTI	Registrar to the Issue being in our case is “ <b>Cameo Corporate Services Limited</b> ”.
Registrar Agreement	The agreement dated October 20, 2021 entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to the Issue.
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018 as amended from time to time.
Reserved Category (ies)	Categories of persons eligible for making application under reservation portion.
Retail Individual Investors/RIIs	Applicants or minors applying through their natural guardians, (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to ₹2.00 Lakh in this Issue.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable.



TERMS	DESCRIPTIONS
Self-Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, Issuing Services in relation to ASBA, 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
Specified Locations	Collection Centers where the SCSBs shall accept application forms, a list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) and updated from time to time.
Sponsor Bank	[●] Bank, registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the retail investors using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
SEBI (ICDR) Regulations / ICDR Regulation / Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by SEBI on September 11, 2018, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SEBI Listing Regulations, 2015/ SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR)	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2020 and as amended thereto, including instructions and clarifications issued by SEBI from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
Transaction Registration Slip /TRS	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the applicants, as proof of registration of the Application
UPI	Unified Payments Interface (UPI) is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank a/c.
UPI Pin	Password to authenticate UPI transaction
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/OW/P/2021/2481/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the Retail Individual Investor to such UPI linked mobile application) to the Retail Individual Investor initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by a Retail Individual Investor in accordance with the UPI Circulars to make an ASBA Bid in the Issue
UPI Pin	Password to authentic UPI Transaction
Underwriters	Underwriter to this issue being " <b>Finshore Management Services Limited</b> "
Underwriting Agreement	The Underwriting Agreement dated [●] entered into between our Company and the Underwriters.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Days	“Working day” means all days on which commercial banks in the city as specified in the offer document are open for business. However, till issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the offer document are open for business. The time period between the bid/issue closing date and the listing of the specified securities on the stock exchanges, working day shall mean all trading days of the stock exchanges, excluding Sundays and bank holidays, as per circulars issued by the Board, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and in terms of regulation 2(1)(mmm) of SEBI ICDR Regulations 2018.



## Conventional and General Terms

TERMS	DESCRIPTIONS
ACIT	Assistant Commissioner of Income Tax.
AIF(s)	The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Air Act, 1981	Air (Prevention and Control of Pollution) Act, 1981.
Category I Foreign Portfolio Investor(s)	FPIs who are registered as “Category I foreign portfolio investor” under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	FPIs who are registered as “Category II foreign portfolio investor” under the SEBI FPI Regulations.
Category III Foreign Portfolio Investor(s)	FPIs who are registered as “Category III foreign portfolio investor” under the SEBI FPI Regulations.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made there under.
Companies Act/Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made there under.
Competition Act	The Competition Act, 2002.
FCNR Account	Foreign currency non-resident account.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2017 and as amended from time to time.
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
Financial Year/ Fiscal/ Fiscal Year/F.Y.	Period of twelve (12) months ended March 31 of that particular year, unless otherwise stated.
Foreign Portfolio Investor or FPI	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
Fugitive economic offender	“Fugitive economic offender” shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018)
FVCI	Foreign Venture Capital Investor, registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
Income Tax Act or the I.T. Act	The Income Tax Act, 1961.
Ind AS	New Indian Accounting Standards notified by Ministry of Corporate Affairs on February 16, 2015, applicable from Financial Year commencing April 1, 2016, as amended.
LLP Act	The Limited Liability Partnership Act, 2008.
Notified Sections	The sections of the Companies Act, 2013, that have been notified by the Government as having come into effect prior to the date of this draft prospectus.
NRE Account	Non-resident external account.
NRO Account	Non-resident ordinary account.
RBI Act	Reserve Bank of India Act, 1934.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	The Securities and Exchange Board of India, constituted under 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 FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
SEBI (LODR) Regulations/ SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
Securities Act	U.S. Securities Act of 1933, as amended.
State Government	The government of a state of the Union of India.
STT	Securities Transaction Tax.



TERMS	DESCRIPTIONS
Sub-account	Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporate or foreign individuals.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations.

#### Technical and Industry related terms

TERMS	DESCRIPTIONS
ASSOCHAM	Associated Chambers of Commerce of India
BPM	Business Process Management
CAGR	Compounding Annual Growth Rate
CPI	Consumer Price Index
CSO	Central Statistics Office's
DIPP	Department of Industries Policy and Promotion
EPFO	Employees' Provident Fund Organisation
ESI	Employee State Insurance
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GST	Goods and Service Tax
GVA	Gross Value Added
G-sec	Government Securities
IBEF	Indian Brand Equity Foundation
IMF	International Monetary Fund
INR	Indian Rupee Rates
MNC	Multinational Corporation
MOU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
MVC	Model View Controller
MYEA	Mid-Year Economic Analysis
NITI Aayog	National Institution for transforming India
PMA	Preferential Market Access
PSUs	Private Sector Units
RBI	Reserve Bank of India
SEZ	Special Economic Zone
US	United States
WPI	Wholesale Price Index

#### Abbreviations

TERMS	DESCRIPTIONS
₹ or ₹ or Rupees or INR	Indian Rupees.
AGM	Annual General Meeting.
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment year.
BC	Before Christ.
BPLR	Bank Prime Lending Rate.
BSE	BSE Limited.
CARO	Companies (Auditor's Report) Order, 2003.
CDSL	Central Depository Services (India) Limited.
CEO	Chief Executive Officer.
CIN	Corporate Identity Number.
CLB	Company Law Board.
CrPC	Criminal Procedure Code, 1973, as amended.
CSR	Corporate Social Responsibility.
DIN	Director Identification Number.
DP ID	Depository participant's identification.
ECS	Electronic Clearing System.
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation.
EGM	Extraordinary General Meeting of the Shareholders of the Company.
EPS	Earnings Per Share.



TERMS	DESCRIPTIONS
ESOS	Employee Stock Option Scheme.
FDI	Foreign direct investment.
FIPB	Foreign Investment Promotion Board.
GAAR	General anti avoidance rules.
GIR	General index register.
GoI/Government	Government of India.
GST	Goods & Service Tax
HNI	High Net Worth Individual.
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
ISO	International Organization for Standardization.
IT Act	The Income Tax Act, 1961, as amended.
IT Rules	The Income Tax Rules, 1962, as amended.
JV	Joint Venture.
MCA	Ministry of Corporate Affairs, Government of India.
MoU	Memorandum of Understanding.
N.A.	Not Applicable.
NAV/Net Asset Value	Net asset value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit and loss account, divided by number of issued Equity Shares.
NECS	National Electronic Clearing Services.
NEFT	National Electronic Fund Transfer.
NoC	No Objection Certificate.
No.	Number.
NR	Non-Resident.
NSDL	National Securities Depository Limited.
NTA	Net Tangible Assets.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PBT	Profit Before Tax.
P/E Ratio	Price per Earnings Ratio.
Pvt.	Private.
RBI	Reserve Bank of India.
RoC	Registrar of Companies.
RONW	Return on Net Worth.
RTGS	Real Time Gross Settlement.
SCN	Show Cause Notice.
SCSB	Self-Certified Syndicate Bank.
SME	Small and Medium Enterprises
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
UIN	Unique Identification Number.
US	United States.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
VAT	Value Added Tax.
w.e.f.	With effect from
YoY	Year on Year.



The words and expressions used but not defined in this draft prospectus will have the same meaning as assigned to such terms under the Companies Act, the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”), the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms defined -

- a) In the section titled “**Description of Equity Shares and Terms of the Articles of Association**” beginning on page 183 of this draft prospectus, shall have the meaning given to such terms in that section;
- b) In the chapter titled “**Financial Statements as Restated**” beginning on page 115 of this draft prospectus, shall have the meaning given to such terms in that chapter;
- c) In the section titled “**Risk Factors**” beginning on page 17 of this draft prospectus, shall have the meaning given to such terms in that section;
- d) In the chapter titled “**Statement of Possible Tax Benefits**” beginning on page 56 of this draft prospectus, shall have the meaning given to such terms in that chapter; and
- e) In the chapter titled “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” beginning on page 137 of this draft prospectus, shall have the meaning given to such terms in that chapter.



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

### Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in this draft prospectus are to the Republic of India.

Unless stated otherwise, all references to page numbers in this draft prospectus are to the page numbers of this draft prospectus.

In this draft prospectus, the terms “the Company”, “our Company”, “Issuer”, “Safa”, “SSTL”, and “Safa Systems & Technologies Limited” unless the context otherwise indicates or implies, refers to “Safa Systems & Technologies Limited”.

In this draft prospectus, the terms “we”, “us”, “our”, unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries, Associates and Group Companies, if any.

In this draft prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lacs / Lakhs”, the word “Crore” means “ten millions” and the word “billion (bn)” means “one hundred crores”. In this draft prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

### Financial Data

Unless stated otherwise, the financial information in this draft prospectus are extracted from the restated Financial Statements of our Company as of and for the period ended October 07, 2021 and for the financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Indian GAAP and restated in accordance with the SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled “**Financial Statements as Restated**” beginning on page no. 115 of this draft prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and have been restated in accordance with the SEBI (ICDR) Regulations.

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

There are significant differences between Indian GAAP, Ind AS, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the draft 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 the draft prospectus should accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in this draft prospectus, including in the Sections titled “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” beginning on page no. 17, 83, and 137 respectively, have been calculated on the basis of the restated audited financial statements of our Company included in this draft prospectus.

### Currency and Units of Presentation

All references to “Rupees”, “Rs.”, “INR” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “£” or “GBP” are to Great Britain Pound, the official currency of the United Kingdom. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America

Our Company has presented certain numerical information in this draft prospectus in “Lakh” units. One lakh represents 1,00,000. In this draft prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

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



### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this draft prospectus has been derived from Ministry of Statistics and Programme Implementation (MOSPI), RBI, Press Information Bureau, Department of Industrial Policy & Promotion, India Brand Equity Foundation and industry publications etc. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although, we believe that the industry and market data used in this draft prospectus is reliable, neither we nor the Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this draft prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the Section titled "**Risk Factors**" beginning on page no. 17 of this draft prospectus. Accordingly, investment decisions should not be based on such information.

### **Exchange Rates**

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



## FORWARD LOOKING STATEMENT

The Company has included statements in this draft prospectus which contain words or phrases such as “may”, “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “potential” and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this draft prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the Section titled “**Risk Factors**”; “**Industry Overview**”; “**Our Business**”; and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**”; beginning on page no. 17, 59, 83 and 137, respectively, of this draft prospectus.

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

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

- Impact of covid-19 on our business and operations.
- Our ability to compete effectively.
- General economic and business conditions in India and other countries;
- Increase in price and material components
- Fluctuation in other operating cost
- Ability to retain the customers is heavily dependent upon various factors including our reputation and our ability to maintain a high level of product/Service quality including our satisfactory performance for the customers;
- We operate in a significantly fragmented and competitive market in each of our business segments;
- Regulatory changes relating to the finance and capital market sectors in India 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 that have an impact on our 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 and foreign laws, regulations and taxes and changes in competition in our industry;
- Changes in the value of the Rupee and other currencies;
- The occurrence of natural disasters or calamities; and

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the Lead Manager, or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being issued in this Issue, by the Stock Exchanges. Our Company will ensure that investors are informed of material developments in relation to statements about our Company in this draft prospectus until the Equity Shares are allotted to the investors.



## SECTION II: SUMMARY OF DRAFT PROSPECTUS

### (A) PRIMARY BUSINESS OF OUR COMPANY AND THE INDUSTRY IN WHICH IT OPERATES:

#### ❖ Primary Business of Our Company:

Our company was originally formed as a partnership firm on October 18, 2012 in the name and style of “Safa Systems & Solutions” and deals in Mobile phones, accessories and other electronic gadgets since incorporation. Further, the firm has been converted into a Public Limited Company in the name and style of “Safa System & Technologies Limited” on September 21, 2021. Safa System & Technologies Limited is now an ISO 9001:2015 (Quality Management Services) certified company and into the business of consumer durable products like Mobile phones, Mobile phone accessories, Tablets, LED TVs, Home appliances and wearable devices of various brands like XIAOMI, OPPO, TECNO, MICROMAX, ONE PLUS etc. since 2012. The company works in B2B (Business to Business) model. (For Detailed information on our business, please refer to chapter titled “Our Business” beginning from page no. 83 of this draft prospectus.)

#### ❖ Summary of the industry in which our Company operates:

Indian consumer durables market is one of the largest and fastest growing segments within India’s consumer market. The market comprises of a huge middle class (urban and rural), relatively large affluent class and a small economically disadvantaged class. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India’s consumer market would be primarily driven by a favourable population composition and increasing disposable income. Consumer durables consists of two main categories: home and household appliances, and consumer electronics. Major and small appliances, like refrigerators, washing machines, and microwave ovens, vacuum cleaners and fans, are broadly classified as home appliances. Consumer electronics includes television sets, radios, personal computers and sometimes mobile phones and other electronic devices, like tablets, wearable devices, etc. (For further detailed information, please refer to chapter titled “Industry Overview” beginning from page no. 59 of this draft prospectus.)

### (B) NAME OF THE PROMOTERS OF OUR COMPANY:

Mr. Faizal Bavaraparambil Abdul Khader and Mr. Bavaraparambil Abdhulkadher Hydrose are the promoters of our company. (For further details, please refer chapter “Our Promoters and Promoters Group” beginning from page no. 109 of this draft prospectus.)

### (C) SIZE OF THE ISSUE:

Initial Public issue of **40,00,000** equity shares of face value of ₹10/- each (“Equity Shares”) of Safa Systems & Technologies Limited (“The Company” or “The Issuer”) for cash at a price of ₹10/- per equity share, aggregating to ₹400.00 Lakhs (“The Issue”), of which **2,00,000** equity shares of face value of ₹10/- each for cash at a price of ₹10/- per equity share, aggregating to ₹20.00 lakhs will be reserved for subscriptions by the **Market Maker** to the issue (The “Market Maker Reservation Portion”). The issue less market maker reservation portion i.e., Issue of **38,00,000** equity shares of face value of ₹10/- each for cash at a price of ₹10/- per equity share, aggregating to ₹380.00 lakhs is here in after referred to as the “Net Issue”. The issue and the net issue will constitute **26.53%** and **25.20%** respectively of the post issue paid up equity share capital of the company.

### (D) OBJECTS OF THE ISSUE:

Our Company proposes to utilize the funds which are being raised through this Issue towards the below mentioned objects:

Sl. No.	Particulars	Amount (₹ in Lakhs)	In %
1	To Meet working capital requirement	320.50	80.13%
2	Public issue expenses	49.50	12.38%
3	General corporate purpose	30.00	7.50%
<b>Total: Gross Issue Proceeds</b>		<b>400.00</b>	<b>100.00%</b>

(For further details, please refer chapter “Objects of the Issue” beginning from page no. 50 of this draft prospectus.)



**(E) PRE-ISSUE SHAREHOLDING OF OUR PROMOTERS AND PROMOTERS GROUP AS ON THE DATE OF THIS DRAFT PROSPECTUS:**

Particulars	Pre-Issue Shareholding	
	Number of Shares	Percentage holding
<b>Promoters</b>		
Faizal Bavaraparambil Abdul Khader	28,84,000	26.03%
Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.66%
<b>Total Promoters Shareholding (A)</b>	<b>40,65,250</b>	<b>36.70%</b>
<b>Promoter Group</b>		
Sruthi Muhammed Ali	15,50,450	14.00%
Arakkal Ayyoob Soumya	11,81,250	10.66%
Pathukunju Parayankudy Abubacker	11,81,250	10.66%
Bavaraparambil Ayyoob Abdul Khader	11,81,250	10.66%
Anaz Abdul Khader Bavaraparambil	11,81,250	10.66%
Safa Plywoods Pvt. Ltd.	7,36,850	6.65%
<b>Total Promoters Group Shareholding (B)</b>	<b>70,12,300</b>	<b>63.30%</b>
<b>Total Promoters &amp; Promoters Group (A+B)</b>	<b>1,10,77,550</b>	<b>100.00%</b>

**(F) SUMMARY OF RESTATED FINANCIAL STATEMENTS:**

*(Rs. In Lakhs)*

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Total Share Capital	843.75	843.75	843.75	817.37
Total Net Worth	843.75	843.75	843.75	817.37
Total Revenue	14,519.22	20,866.09	25,522.55	25,574.23
EBITDA	167.27	233.42	320.32	226.30
Profit After Tax	27.33	29.35	31.20	35.79
Face Value per equity share	10/-	N. A.	N. A.	N. A.
Earnings Per Share (Basic & Diluted) (As per Restated)	0.32	N. A.	N. A.	N. A.
Net Asset Value per equity share (As per Restated)	10.00	N. A.	N. A.	N. A.
Total Borrowings	2,921.19	2,899.95	2,555.53	2,041.46

*(For further details, please refer chapter "Financial statement as Restated" beginning from page no. 115 of this draft prospectus.)*

**(G) AUDITOR QUALIFICATIONS WHICH HAVE NOT BEEN GIVEN EFFECT TO IN THE RESTATED FINANCIAL STATEMENT:**

The auditor report of Restated Financial information of Safa Systems & Technologies Limited, for the period ended October 07, 2021 and financial year ended on 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 does not contain any qualification which have not been given effect to in restated financial statement.

**(H) SUMMARY OF OUTSTANDING LITIGATIONS:**

There are no outstanding litigations pending against the Issuer, Our Promoters, Our Directors, Promoters Group and Group entities. *(For further details, please refer chapter "Outstanding Litigation and Material Development" beginning from page no. 141 of this draft prospectus.)*

**(I) CROSS REFERENCE TO THE SECTION TITLED RISK FACTORS:**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have neither been recommended nor approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this draft prospectus.

*(For the details pertaining to the internal and external risk factors relating to the Company, kindly refer to the chapter titled "Risk Factors" beginning on page no. 17 of this draft prospectus.)*



**(J) SUMMARY OF CONTINGENT LIABILITIES:**

As per restated financial statement, there are below mentioned contingent liabilities which may occur in future as on the date of this draft prospectus.

- The Company has not been registered under PF Act & ESIC Act. The impact of the same cannot be ascertained.
- The Company has not considered the impact of provisions of AS 15 Provision for Retirement benefits. The impact of the same is not ascertainable.
- The company has issued Bank Guarantee of Rs. 750.00 Lakhs to Xiamoi Technology as security deposit.

**(K) SUMMARY OF RELATED PARTY TRANSACTIONS FOR LAST 3 YEARS:**

*For details pertaining to Related Party Transactions, kindly refer to the chapter titled “Financial Statements as Restated” – “Related Party Transactions” beginning on page no. 133 of this draft prospectus*

**(L) DETAILS OF FINANCING ARRANGEMENT:**

There are 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 since inception of the company.

**(M) WEIGHTED AVERAGE PRICE AT WHICH EQUITY SHARES WAS ACQUIRED BY OUR PROMOTERS IN THE LAST ONE YEAR FROM THE DATE OF THIS DRAFT PROSPECTUS:**

Sl. No.	Name of the Promoter	No. of Equity Shares Acquired during last one Year	Weighted Average Price (In ₹ per Equity Share)
1	Faizal Bavaraparambil Abdul Khader	28,84,000	10.00
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.00

**(N) AVERAGE COST OF ACQUISITION OF EQUITY SHARES FOR PROMOTERS:**

Sl. No.	Name of the Promoter	No. of Equity Shares Held	Avg. Cost of Acquisition (In ₹ per Equity Share)
1	Faizal Bavaraparambil Abdul Khader	28,84,000	10.00
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.00

**(O) DETAILS OF PRE-IPO PLACEMENT:**

Our Company has not made any Pre-IPO Placement.

**(P) DETAILS OF ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR FROM THE DATE OF THIS DRAFT PROSPECTUS:**

Except as disclosed in this draft Prospectus, our company has not issued any Equity shares for consideration other than cash. *(For further details pertaining to Issue of Equity Shares for consideration other than cash, kindly refer to the chapter titled “Capital Structure” beginning on page no. 39 of this draft prospectus.)*

**(Q) DETAILS OF SPLIT/CONSOLIDATION OF OUR EQUITY SHARES IN THE LAST ONE YEAR FROM THE DATE OF THIS DRAFT PROSPECTUS:**

Our Company has not undertaken any split or consolidation of Equity Shares in the last one year till the date of this draft prospectus.



## SECTION III: RISK FACTORS

### RISK FACTOR

*Any investment in equity securities involves a high degree of risk. Investor should carefully consider all the information in this draft prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more complete understanding, you should read this section together with Sections titled, “Our Business”, “Particulars of the Issue”, “Industry Overview”, “Financial Statement as Restated”, “Outstanding Litigation and Other Material Developments”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page no. 83, 50, 59, 115, 141, and 137 respectively, as well as the other financial and statistical information contained in this draft prospectus.*

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

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

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

*The financial information in this section is, unless otherwise stated, derived from our Restated Financial Statements prepared in accordance with Indian GAAP, as per the requirements of the Companies Act, 2013, and SEBI (ICDR) Regulations.*

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

- 1. Some risks may not be material individually but may be material when considered collectively.*
- 2. Some risks may have material impact qualitatively instead of quantitatively.*
- 3. Some risks may not be material at present but may have a material impact in the future.*

### **INTERNAL RISK FACTOR:**

#### **Industry specific Risk:**

- 1. Our Company’s business highly depends on the brands recognition and reputation of the products it offers to sale and their inability to maintain or enhance brands image that we distribute or sale could have a material adverse effect on our business, financial condition and results of operations.***

*Our company has entered into dealership and distributorship agreements of consumer durable products with various brands like Xiaomi, OPPO, TECNO, Micromax, One Plus etc. We believe that the recognition and reputation of these brands among consumers has contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of these brands are, therefore, critical to our business and competitiveness.*

*Though we are not required to promote the products of these well-known brands, we compete on price, quality services, dedication and commitment towards customers, in our industry. Our financial performance is influenced by the success of above brands, which, in turn, depends on factors such as product design & features, the distinct character and the quality of the products, after sale services, communication activities, public relations and marketing etc. The consumers that use and recommend the branded products have come to expect a high level of quality from these products and on the failure on the part of the brands/companies to deliver on that expectation could adversely impact our business and reputation.*



**2. *Substantial part of our business income is dependent on a few major customers and the loss of, or a significant reduction in product demands by such customers could adversely affect our business.***

Revenues from any particular customer may vary significantly from reporting period to reporting period depending on the nature of ongoing demand for products. Larger demand from few major customers may represent a larger part of our portfolio. Any concentration of our business on a few customers may have an adverse effect on our results of operations and result in a significant reduction in the demand for products which could also adversely affect our business if we do not achieve our expected margins or suffer losses on one or more of these large demands, from such customers.

Further, we cannot assure you that we can maintain the historical levels of sales to these major customers or that we will be able to find new customers in case we lose any of them. Furthermore, major events affecting our customers, such as adverse market conditions, regulatory changes, adverse cash flows, change of management, etc. could adversely impact our business. If any of our major customers become bankrupt or insolvent, we may lose some or all of our business from that customer and our receivables from that customer may have to be written off, thus adversely impacting our cash flows and financial condition.

Our long-standing relationship with certain of our customers is a result of our timely and efficient supply of products. However, in the event we are unable to supply within the duration prescribed under terms with the customers, then our relationship will get strained and we may not get further orders from our customers which could adversely affect our business. Consequently, the loss of any of our significant customers, could have an adverse effect on our business, cash flows and results of operations.

**3. *Our reliance on licensed brands exposes us to additional risks and uncertainties in our business, including the event we are unable to extend our distributorship agreement with the brands in the future.***

As we plan to expand our business through the licensed brands, we rely on our terms & conditions of our agreements. We cannot assure you that these brands will not terminate the agreement due to some deficiency in our services or otherwise, which could negatively impact our business, prospects, financial condition and results of operations. Further, there is a possibility that our agreement is not renewed on due date.

Further, the growth of our business mainly depends on our ability to enter into distributorship agreements with widely acceptable and well-known brands in the sectors in which we operate. If we are unable to get distributorship contracts of new as well as widely acceptable brands, our business will be materially and adversely affected.

**4. *Impact of conversion of the partnership firm M/s Safa Systems & Solutions to Safa Systems & Technologies Limited.***

Our Company was converted from a partnership firm namely M/s Safa Systems & Solutions, with effect from September 21, 2021. As on the date of this Draft Prospectus, some of the Insurance, licenses & agreements is still prevailing in the name of the erstwhile partnership firm. If the licenses & agreements are not transferred in the name of the company then the operations/business/revenue of the Company may get affected.

Further, some of the distributorship agreements entered into with the Manufacturers/suppliers of the branded products are continuing in the name of the erstwhile partnership firm and has not been re-executed in the name of the Company till the date of filing of this draft prospectus. We cannot assure you that, the said agreements will be re-executed in the name of the company or may take longer time. Such a situation may adversely affect our business, financial condition and results of operations.

**5. *As per restated financial statement, there are below mentioned contingent liabilities which may occur in future as on the date of this draft prospectus.***

As per the Auditor comments in the Restated financials, the Company has not registered itself under PF Act & ESIC Act and has not considered the impact of provisions of AS 15 Provision for Retirement benefits, so the impact of the same cannot be ascertained. Any failure by us to apply in time may result in non-compliance of the relevant regulatory guidelines and imposition of penalty which may strain our resources.

Further the company has issued Bank Guarantee of Rs. 750.00 Lakhs to Xiamoi Technology as security deposit. Any non-compliance of the terms of agreement may result in invocation of the bank guarantee which may adversely impact our financials.

**6. *We may be subject to risks associated with product warranty for the brand products.***

We are subject to risks and costs associated with product warranties on account of supply of defective or inferior quality products within the warranty periods stipulated for such products. Any defects in the products may result in invocation of such warranties. The defects in such products or any product liability claim against us could generate adverse publicity, leading to a loss of reputation, customers and/or increase our costs, thereby adversely affecting our reputation, business, results of operations, financial condition and cash flows.




**7. *Delays or defaults in payment by our customers could affect our cash flows and may adversely affect our financial condition and operations.***

We extend credit to certain of our customers for long periods of time and there is no assurance that we will be able to recover outstanding amounts in part, full or at all. We have and may continue to have high levels of outstanding receivables. Our average outstanding receivable days are 45 to 60 days in the past three financial years. Hence, if delays or defaults in client payments continue or increase in proportion to our total revenues, it could negatively affect our cash flows and consequently affect our financial condition and operations. Further, while we may take appropriate action in the event of a non-payment of receivables, there can be no assurance that we will be able to successfully recover outstanding amounts owed to us in part or full, which in turn could affect our cash flows and may adversely affect our financial condition and operations.

**8. *Our Registered Office from where we operate are not owned by us.***

Our Registered Office premise is situated at 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, which is owned by three promoter/promoter group shareholder of our company. We cannot assure you that we will be able to continue the above arrangement on commercially acceptable / favourable terms in future. For further details, see section “**Our Business**” on page 83 of this draft prospectus. If we are required to vacate the current premises, we would be required to make alternative arrangements for new offices and other infrastructure, and we cannot assure that the new arrangements will be on commercially acceptable/favourable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay higher charges, which could have an adverse effect on our business, prospects, results of operations and financial condition.

**9. *Our company has made any application for the trademark of our logo “  ” under the classes 9 & 35 of the Trademarks Act, 1999 on 09/11/2021. However, both the applications were objected, as on the date of this draft prospectus. There is no assurance that the application shall result in us being granted registration in a timely manner. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.***

We have applied for registration of our name and logo under the provisions of the under the classes 9 & 35 of the Trademarks Act, 1999 on 09/11/2021. However, both the applications were objected, as on the date of this draft prospectus. As such, we do not enjoy the statutory protection accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our trademark by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details of our trademarks, please see “**Government and Other Approvals**” on page 144 of this draft prospectus.

**10. *Dependence on third-party services could have an adverse effect on our business financial condition and results of operations.***

We use vehicles/courier services owned by third parties on time to time basis. We cannot assure you that we will be able to obtain access to preferred third-party services for our supply/sale requirements, or at attractive rates or that these services will have adequate available capacity to meet our needs or be able to meet our requirements in a timely manner. Further, if we are unable to procure the services of third-party capable of sufficiently scaling up operations in response to increased demand from our customers, we may be compelled to make capital expenditures or seek out costlier or lower quality third-party service to meet our needs. Any inability to secure vehicles or courier services or on attractive terms could have an adverse effect on our business, financial condition and results of operations.

**11. *The extent to which the Coronavirus pandemic (COVID-19) may affect our business and operations in the future is uncertain and cannot be predicted.***

During the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for calendar year 2020 downward in response to the economic slowdown caused by the spread of COVID-19. The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing “stay-at-home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown has been extended periodically by varying degrees by state governments and local administrations. The lifting of the lockdown across various regions has been regulated with limited and progressive relaxations being granted for movement of goods and people in other places and calibrated re-opening of businesses and offices. Despite the lifting of the lockdown, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which



makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business and operations in the future.

We are closely monitoring the impact of COVID-19 on our financial condition, liquidity, operations, suppliers and workforce. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition.

On basis of assessments of the impact of the outbreak of COVID-19 on business operation of the entity, the turnover for FY 2020-21 has been reduced to Rs. 208.51 crores from Rs. 255.12 crores in FY 2019-20. The situation with COVID-19 is still evolving, also some of the various preventive measures taken are still in force, leading to highly uncertain economic environment. Due to these circumstances, the management's assessment of the impact on the subsequent period is dependent upon the circumstances as they evolve.

**12. *The Qualification and Experience Proof of some of our Promoters & Directors are not available.***

Our Promoters and Directors are qualified and are highly experienced to run the day-to-day affairs of the Company. However, the Qualification and Experience Proof (as mentioned in this Prospectus) of some of our Promoters & Directors are not available.

**13. *Our revenues are highly dependent on our operations in certain geographical region of Kerala. Any adverse development affecting our operations in these regions could have an adverse impact on our business, financial condition and results of operations.***

We have derived a substantial portion of our revenue from products sold to customers based in Kerala only. If the economic conditions of Kerala become volatile or uncertain or the conditions in the financial market were to deteriorate, especially in recent times due to the COVID-19 pandemic, or if there are any changes in laws applicable to our industry or if any restrictive conditions are imposed on us or our business, there will be a severe impact on the financial condition of our business. Further, the ultimate customers located in these geographies may reduce or postpone their spending significantly which would adversely affect our operations and financial conditions.

**14. *We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The market for our industry is competitive on account of both the organized and unorganized players. Players in this industry generally compete with each other on key attributes such as timely delivery, pricing, the quality etc. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Moreover, the unorganized sector offers their products at highly competitive prices which may not be matched by us and consequently affect our volume of sales and growth prospects. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

**15. *Our success depends heavily upon our Promoters and Directors for their continuing services, strategic guidance and financial support.***

Our success depends heavily upon the continuing services of Promoters & Directors who are the natural person in control of our Company. Our Promoters have a vast experience in the field of distributorship through their erstwhile Partnership firm engaged in similar business. They have established cordial relations with various customers and suppliers over the past several years, which have immensely benefitted our Company's current customer and supplier relations. We believe that our Promoters, who have rich experience in this industry, managing customers and handling overall businesses, has enabled us to experience growth and profitability. We benefit from our relationship with our Promoters and our success depends upon the continuing services of our Promoters who have been responsible for the growth of our business and are closely involved in the overall strategy, direction and management of our business. Further, our Promoters are also part of certain other firms / ventures and may continue to do so. If they divert their attention to such other concerns, we may not be able to function as efficiently and profitably as before. We may have to incur additional costs to replace the services of our Promoters or we may not be able to do so at all, which could adversely affect our business operations and affect our ability to continue to manage and expand our business.

Further, we also depend significantly on our directors for executing their day-to-day activities. If our Promoters / Directors or any member of the senior management team is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected. For details, see chapter titled "**Financial Indebtedness**" on page nos. 134 of this Draft Prospectus.

**16. *We have working capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires working capital, part of which would be met through additional borrowings in the future. Further bank loan availed in the partnership firm is in the process of being transferred to our Company and Bank sanction is pending. In many cases, significant amounts of working capital are required to finance the procurement of branded



products before payments are received from customers. Our working capital requirements may increase if, under certain conditions, where payment terms do not include advance payments or include delayed payments from customers. Additionally, our working capital requirements have increased in recent years due to the general growth of our business. All of these factors may result, or have resulted, in increases in our working capital needs.

Due to various factors, including certain extraneous factors such as changes in tariff regulations, interest rates, insurance and other costs or borrowing and lending restrictions, if any, we may not be able to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms, or at all, which may have a material adverse effect on our business, financial condition, growth prospects and results of operation.

**17. Our Company had negative cash flow from operating activity in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow from operating activity in the financial years as mentioned below, which could affect our business and growth:

<i>(Rs. In Lakhs)</i>				
<b>Particulars</b>	<b>07-10-2021</b>	<b>31-03-2021</b>	<b>31-03-2020</b>	<b>31-03-2019</b>
Net cash from operating activities	142.90	(664.90)	(11.36)	(132.14)
Net Cash (used in) / from investing activities	(1.28)	17.02	35.16	73.60
Net Cash used in financing activities	(138.70)	125.77	236.56	349.57
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>2.92</b>	<b>(522.11)</b>	<b>260.35</b>	<b>291.03</b>

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

Our Company has entered into related party transactions with our Promoters, Directors, Group Entities and their relatives. While our Company believes that all such transactions have been conducted on the arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to **"Related Party Transactions"** under section titled **"Financial Statements as Restated"** on page no. 133 of this Draft Prospectus.

**19. Our Company has availed unsecured loan from our Directors / Promoters and Promoter Group which is repayable on demand. Any demand from the lender for repayment of such unsecured loan may affect our cash flow and financial condition.**

Our Company has availed certain unsecured loan and are repayable on demand. Though our Company intends to repay the loan amount in near future, sudden recall may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please refer to the section **"Unsecured Loans"** under **"Financial Statements as restated"** beginning on page no. 115 of this Draft Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

**20. We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and the failure to obtain, retain and renew such approvals and licences in timely manner or comply with such rules and regulations or at all may adversely affect our operations.**

We require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Non-renewal of the said permits and licenses would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Further, some of our permits, licenses and approvals are subject to several conditions and we cannot provide any assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business. For further details, please see chapters titled **"Key Regulations and Policies"** and **"Government and Other Key Approvals"** at pages 89 and 144 respectively of this Draft Prospectus.

**21. In addition to normal remuneration, other benefits and reimbursement of expenses our directors (including our Promoter) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Some of our Directors (including our Promoters) and Key Management Personnel may be interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration, incentives or benefits and reimbursement of expenses. We cannot assure you that our directors or our Key Management Personnel would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our



Promoters & our directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our Promoters and Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Promoters and Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects. For further details of our transactions or interests of our promoters / promoter group, please refer the chapters titled “*Our Promoters and Promoter Group*” and “*Our Group Companies*”, “*Related Party Transactions*” and “*Financial Information as Restated*” beginning on page nos. 109, 112, 133 and 115 respectively, of this Prospectus.

**22. *Our Company’s insurance coverage may not be adequate to protect us against all material hazards which may result in disruptions of operations/monetary loss on account of stoppage of work.***

We procure insurance for our operations against stock insurance and standard coverage for building. Some of insurance are in the name of our promoters and erstwhile partnership firm. Our existing insurance coverage may be insufficient to cover all the risks associated with our business and operations. We also cannot assure you that we will renew our existing insurance policies in a timely manner or at all. In the case of an uninsured loss, a loss in excess of insured limits or a loss for which we do not have coverage or coverage is prohibitively expensive, including those caused by natural disasters and other events beyond our control, we may be required to pay for losses, damages and liabilities out of our own funds, which could materially and adversely affect our business, financial condition and results of operations. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to take remedial actions or other appropriate measures. Furthermore, our claim records may affect the premiums which insurance companies may charge us in the future.

**23. *We are dependent on a number of key managerial personnel, including our senior management, and the loss of or our inability to attract or retain such persons with specialized knowledge could adversely affect our business, results of operations, cash flows and financial condition.***

Our performance depends largely on the efforts and abilities of our senior management and other key managerial personnel, including our present officers who have specialized knowledge. The inputs and experience of our senior management and key managerial personnel are valuable for the development of our business and operations strategy. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Our Company does not maintain any director’s and officer’s insurance policy or any keyman insurance policy. The loss of the services of such persons could have an adverse effect on our business, results of operations, cash flows and financial condition.

**24. *Employee misconduct, errors or fraud could expose us to business risks or losses that could adversely affect our business prospects, results of operations and financial condition.***

Employee misconduct, errors or frauds could expose us to business risks or losses, including regulatory sanctions, penalties and serious harm to our reputation. Such employee misconduct includes breach in security requirements, misappropriation of funds, hiding unauthorized activities, failure to observe our operational standards and processes, and improper use of confidential information. It is not always possible to detect or deter such misconduct, and the precautions we take to prevent and detect such misconduct may not be effective. In addition, losses caused on account of employee misconduct or misappropriation of petty cash expenses and advances may not be recoverable, which we may result in write-off of such amounts and thereby adversely affecting our results of operations. Our employees may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions in which case, our reputation, business prospects, results of operations and financial condition could be adversely affected.

**25. *Industry information included in this draft prospectus has been derived from industry reports. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have relied on the reports of certain independent third party for purposes of inclusion of such information in this draft prospectus. These reports are subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry reports and other sources. Although we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this draft prospectus.



26. ***Within the parameters as mentioned in the chapter titled “Objects of this Issue” of this draft prospectus, our Company’s management will have flexibility in applying the proceeds of this Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.***

We intend to use entire Issue Proceeds towards meeting the working capital requirement and general corporate purpose. We intend to deploy the Net Issue Proceeds in financial year 2021-22 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled “*Objects of the Issue*” beginning on page 50 of this draft prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company’s Board of Directors. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled “*Objects of the Issue*” beginning on page 50 of this draft prospectus, the Management will have significant flexibility in applying the proceeds received by our Company from the Issue. Our Board of Directors will monitor the proceeds of this Issue.

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

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

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “*Dividend Policy*” on page 114 of this draft prospectus.

29. ***Any future issuance of Equity Shares may dilute your shareholdings, and sale of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by our Company may lead to the dilution of investors’ shareholdings in our Company. In addition, any sale of substantial Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

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

The Issue price is based on numerous factors. For further information, see the chapter titled “*Basis for Issue Price*” beginning on page no. 54 of this draft prospectus and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

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

31. ***There have been some instances of erroneous execution in the past with certain agreements. If any part of such agreements is aggrieved, it may adversely affect our business, financial condition and results of operation.***

In the past, there have been some instances of erroneous execution with certain agreement such as the partnership deed executed is not registered with the Registrar of Firms. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Till date, of filing this draft prospectus, there have been no action taken by any party to such agreements. However, it cannot be assured that even in future no such parties will be aggrieved by erroneous execution of previous agreements. Therefore, if the any of the parties to such agreements are aggrieved, we



may lose benefits enjoyed through such agreements and face certain punitive actions against our Company or our Promoters/Directors/Officers in relation to the same, which may adversely affect our business, financial condition and results of operations.

**32. *The requirements of being a public listed company may strain our resources and impose additional requirements.***

With the increased scrutiny of the affairs of a public listed company by shareholders, regulators and the public at large, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur in the past. We will also be subject to the provisions of the listing agreements signed with the Stock Exchange(s) which require us to file unaudited financial results on a half yearly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, management's attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. There can be no assurance that we will be able to satisfy our reporting obligations and/or readily determine and report any changes to our results of operations in a timely manner as other listed companies. In addition, we will need to increase the strength of our management team and hire additional legal and accounting staff with appropriate public company experience and accounting knowledge and we cannot assure that we will be able to do so in a timely manner.

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

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

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

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

**35. *The Equity Shares have never been publicly traded and the Issue may not result in an active or liquid market for the Equity Shares.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares. Failure to maintain our listing on the Stock Exchanges or other securities markets could adversely affect the market value of the Equity Shares.

The Issue Price of the Equity Shares has been determined through a fixed price process in accordance with the SEBI ICDR Regulations and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. You may not be able to resell your Equity Shares at a price that is attractive to you.



## EXTERNAL RISKFACTORS

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

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

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

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are classified as short-term capital gains and generally taxable. Any gain realized on the sale of listed equity shares on a stock exchange that are held for more than 12 months is considered as long-term capital gains and is taxable at 10%, in excess of Rs. 1,00,000. Any long-term gain realized on the sale of equity shares, which are sold other than on a recognized stock exchange and on which no STT has been paid, is also subject to tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an 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 to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

**3. *Public companies in India, including our Company, shall be required to prepare financial statements under Indian Accounting Standards.***

Our Company currently prepares its annual financial statements under Indian GAAP. The MCA, Government of India, has, through a notification dated February 16, 2015, set out the Indian Accounting Standards (Ind AS) and the timelines for their implementation. In accordance with such notification, our Company is required to prepare its financial statements in accordance with Ind AS. Ind AS is different in many aspects from Indian GAAP under which our financial statements are currently prepared. Accordingly, the degree to which the restated financial statements included in the draft 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 the draft prospectus should accordingly be limited.

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

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

- Custom duties on imports of products;
- Goods and Service Tax

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

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

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

**6. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and Power Sector industry contained in the draft prospectus.***

While facts and other statistics in the draft prospectus relating to India, the Indian economy and the Consumer Durable industry has been based on various government publications, reports from government agencies, India Brand Equity Foundation and industry publications etc. that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "**Industry Overview**" beginning on page 59 of this draft prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced



elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

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

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

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

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

**9. *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.

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

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

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

The current Covid-19 pandemic had brought the world to a standstill affecting all sectors and the livelihood of many are at stake including the Indian economy. However, our Country is achieving normalcy by various measures taken by the Government. The pandemic is still to be controlled and any major outbreak will seriously impact our business. Further, our Country in the past has experienced natural calamities such as earthquakes, tsunami, floods etc. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

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

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



## PROMINENT NOTES TO RISK FACTOR:

1. Initial Public Issue of 40,00,000 Equity Shares of face value of ₹10/- each of our Company for cash at a price of ₹10/- per Equity Share (Issue Price) at par, aggregating up to ₹400.00 Lakhs
2. The pre-issue net worth of our Company as per Restated Balance Sheet as on October 07, 2021 is ₹843.75 Lakhs. The book value of Equity Share as per Restated Balance Sheet as on October 07, 2021 was ₹10/- per equity share. For more information, please refer to section titled **“Financial Statements as restated”** beginning on page 115 of this draft prospectus.
3. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Sl. No.	Name of the Promoter	No. of Equity Shares Held	Avg. Cost of Acquisition (In ₹ per Equity Share)
1	Faizal Bavaraparambil Abdul Khader	28,84,000	10.00
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.00

For further details relating to the allotment of Equity Shares to our Promoters, please refer to the chapter titled **“Capital Structure”** beginning on page no 39 of this draft prospectus.

4. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer **“Related Party Transaction”** under chapter titled **“Financial Statements as restated”** beginning on page 133 of this draft prospectus.
5. Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled **“Issue Structure”** beginning on page 162 of this draft prospectus.
6. Except as disclosed in the chapter titled **“Capital Structure”**, **“Our Promoter and Promoter Group”**, **“Our Management”** and **“Related Party Transaction”** beginning on pages 39, 109, 99 and 133 respectively, of this draft prospectus, none of our Promoters, Directors or Key Management Personnel has any interest in our Company.
7. Except as disclosed in the chapter titled **“Capital Structure”** beginning on page 39 of this draft prospectus, we have not issued any Equity Shares for consideration other than cash.
8. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.
9. Investors are advised to refer to the chapter titled **“Basis for Issue Price”** beginning on page 54 of the draft prospectus.
10. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the draft prospectus with the Stock exchange.
11. Investors may contact the Lead Manager or the Company Secretary & Compliance Officer for any complaint/clarification/information pertaining to the Issue. For contact details of the Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled **“General Information”** beginning on page 32 of this draft prospectus.

All grievances in relation to the application through ASBA process or UPI Mechanism may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving details such as the full name of the sole or First Applicant, ASBA Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form/UPI, address of Bidder, the name and address of the relevant Designated Intermediary, where the ASBA Form was submitted by the Bidder, ASBA Account number in which the amount equivalent to the Bid Amount was blocked and UPI ID used by the Retail Individual Investors. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned herein above



## SECTION IV: INTRODUCTION

### THE ISSUE

The present Issue of **40,00,000** Equity Shares in terms of draft prospectus has been authorized pursuant to a resolution of our Board of Directors held on December 03, 2021 and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013, at the Extra-Ordinary General Meeting of the members held on December 06, 2021.

The following is the summary of the Issue:

<b>Present Issue</b> <sup>(1)</sup>	Up to 40,00,000 Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹400.00 Lakhs.
<b>Out of which:</b>	
Market Maker Reservation Portion	Up to 2,00,000 Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹20.00 Lakhs.
Net Issue to the Public <sup>(2)</sup>	Up to 38,00,000 Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹380.00 Lakhs.
<b>Out of which:</b>	
Allocation to Retail Individual Investors for <b>up to Rs. 2.00 lakh</b>	19,00,000 Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹190.00 Lakhs.
Allocation to other investors for <b>above Rs. 2.00 lakh</b>	19,00,000 Equity Shares of ₹10/- each fully paid-up of our Company for cash at a price of ₹10/- per Equity Share aggregating to ₹190.00 Lakhs.
<b>Pre-Issue and Post-Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	1,10,77,550 Equity Shares having face value of ₹10/- each
Equity Shares outstanding after the Issue*	1,50,77,550 Equity Shares having face value of ₹10/- each
<b>Objects of the Issue</b>	Please refer to the section titled “ <b>Objects of the issue</b> ” beginning on page no. 50 of this draft prospectus.
<b>Issue Open on</b>	[●]
<b>Issue Close on</b>	[●]

\*Assuming Full Allotment

<sup>(1)</sup> The present Issue is being made by our Company in terms of Regulation 229 (2) of the SEBI ICDR Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the post-Issue paid-up equity share capital of our Company are being offered to the public for subscription

<sup>(2)</sup> This Issue is being made in terms of Section IX of the SEBI (ICDR) Regulations 2018, as amended from time to time. The Issue is being made through the Fixed Price method and hence, as per Regulation 253, sub regulation (2) of SEBI (ICDR) Regulations 2018, the allocation in the net issue to public category shall be made as follow:

- (a) Minimum 50% to the Retail individual investors; and
- (b) remaining to:
- individual applicants other than retail individual investors; and
  - other investors including corporate bodies or institutions; irrespective of the number of specified securities applied for;

Provided that the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

**Explanation:** For the purpose of Regulation 253, sub-Regulation (2), if the retail individual investor category is entitled to more than fifty percent of the issue size on proportionate basis, the retail individual investors shall be allocated that higher percentage.

For further details, kindly refer the chapter titled “**Terms of the Issue**” beginning on page 157 of this draft prospectus.



## SUMMARY OF FINANCIAL INFORMATION

### RESTATED STATEMENT OF BALANCE SHEET

Particulars	Annexure No.	As on			
		07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Equity &amp; Liabilities</b>					
<b>1. Shareholders Fund</b>					
a) Share capital (Partners Capital Account)	I.1	8,43,75,000	8,43,75,000	8,43,75,000	8,17,37,080
b) Reserves and surplus	I.2	-	-	-	-
<b>Total Shareholder's Fund</b>		<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,17,37,080</b>
<b>2. Non Current Liabilities</b>					
a) Long Term Borrowings	I.3	7,49,65,235	8,89,07,925	5,09,04,787	1,99,24,692
b) Deferred Tax Liability	I.4	-	-	85,923	1,77,156
<b>Total Non Current Liabilities</b>		<b>7,49,65,235</b>	<b>8,89,07,925</b>	<b>5,09,90,710</b>	<b>2,01,01,848</b>
<b>3. Current Liabilities</b>					
a) Short Term Borrowings	I.5	21,71,53,678	20,10,86,806	20,46,48,532	18,42,21,741
b) Trade Payables	I.6	5,90,98,367	11,26,83,265	6,03,13,906	9,36,20,106
c) Other Current Liabilities	I.7	1,01,83,094	11,24,200	11,81,900	50,61,546
d) Short Term Provisions	I.8	10,37,325	11,06,877	11,62,265	33,27,034
<b>Total Current Liabilities</b>		<b>28,74,72,464</b>	<b>31,60,01,148</b>	<b>26,73,06,603</b>	<b>28,62,30,427</b>
<b>Total Equity &amp; Liability</b>		<b>44,68,12,699</b>	<b>48,92,84,073</b>	<b>40,26,72,313</b>	<b>38,80,69,355</b>
<b>4. Non-Current Assets</b>					
a) Fixed Assets	I.9				
- Tangible Assets		67,12,595	74,44,668	89,18,299	1,04,63,934
- Intangible Assets		15,370	15,370	19,331	1,16,673
- Work-In-Progress		-	-	-	-
<b>Total Fixed Assets</b>					
b) Non - current Investments	I.10	-	-	-	-
c) Deferred Tax Assets (Net)	I.4	1,11,363	11,838	-	-
d) Long Term Loans and Advances	I.11	2,09,65,000	8,15,000	8,15,000	11,15,000
e) Other Non- current Assets	I.12	1,57,50,000	1,65,20,750	1,15,85,000	1,23,75,200
<b>Total Non Current Assets</b>		<b>4,35,54,328</b>	<b>2,48,07,626</b>	<b>2,13,37,630</b>	<b>2,40,70,807</b>
<b>5. Current assets</b>					
a) Inventories	I.13	9,77,31,155	12,71,22,206	5,84,17,788	2,91,41,625
b) Trade Receivables	I.14	27,17,23,167	30,75,63,898	23,27,89,279	26,14,23,782
c) Cash and Cash Equivalents balances	I.15	40,34,809	37,43,275	5,59,53,847	2,99,18,084
d) Short Term Loans and advances	I.16	2,23,31,850	1,93,48,754	3,27,16,377	3,96,37,994
e) Other Current Assets	I.17	74,37,390	66,98,314	14,57,392	38,77,063
<b>Total Current Assets</b>		<b>40,32,58,371</b>	<b>46,44,76,447</b>	<b>38,13,34,683</b>	<b>36,39,98,548</b>
<b>Total Assets</b>		<b>44,68,12,699</b>	<b>48,92,84,073</b>	<b>40,26,72,313</b>	<b>38,80,69,355</b>

**Note: The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV & V respectively.**

For further details, kindly refer the chapter titled "Financial statement as Restated" beginning on page 115 of this draft prospectus.



## RESTATED STATEMENT OF PROFIT AND LOSS

Particulars	Annex No.	For the Period / Year ended on			
		07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Income</b>					
Revenue from Operations	II.1	1,45,12,78,691	2,08,50,59,139	2,55,11,68,991	2,54,92,48,601
Other Income	II.2	6,42,882	15,49,556	10,85,678	81,74,762
<b>Total Revenue</b>		<b>1,45,19,21,573</b>	<b>2,08,66,08,695</b>	<b>2,55,22,54,669</b>	<b>2,55,74,23,363</b>
<b>Expenditure</b>					
Cost of Material Consumed	II.3	1,41,83,95,768	2,04,06,47,047	2,47,74,06,149	2,49,11,10,377
Change in Inventories	II.4	-	-	-	-
Employee Benefit Expenses	II.5	94,64,272	1,30,69,245	1,95,04,534	2,56,44,069
Other Expenses	II.6	73,34,975	95,50,523	2,33,12,448	1,80,39,003
<b>Total Expenses</b>		<b>1,43,51,95,015</b>	<b>2,06,32,66,815</b>	<b>2,52,02,23,131</b>	<b>2,53,47,93,449</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>1,67,26,558</b>	<b>2,33,41,880</b>	<b>3,20,31,538</b>	<b>2,26,29,914</b>
Depreciation & Amortisation Expenses	I.9	7,32,073	14,77,592	16,42,977	17,18,582
<b>Profit Before Interest and Tax</b>		<b>1,59,94,485</b>	<b>2,18,64,288</b>	<b>3,03,88,561</b>	<b>2,09,11,332</b>
Financial Charges	II.7	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
<b>Profit before Taxation</b>		<b>36,70,718</b>	<b>39,43,683</b>	<b>41,91,196</b>	<b>70,83,017</b>
Provision for Taxation	II.8	10,37,325	11,06,877	11,62,265	33,27,034
Provision for Deferred Tax		(99,525)	(97,761)	(91,233)	1,77,156
<b>Total</b>		<b>9,37,800</b>	<b>10,09,116</b>	<b>10,71,032</b>	<b>35,04,190</b>
<b>Profit After Tax but Before Extraordinary Items</b>		<b>27,32,918</b>	<b>29,34,567</b>	<b>31,20,164</b>	<b>35,78,827</b>
Extraordinary Items		-	-	-	-
Profit Attributable to Minority Shareholders		-	-	-	-
<b>Net Profit after adjustments</b>		<b>27,32,918</b>	<b>29,34,567</b>	<b>31,20,164</b>	<b>35,78,827</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV & V respectively.

*For further details, kindly refer the chapter titled "Financial statement as Restated" beginning on page 115 of this draft prospectus.*



## RESTATED STATEMENT OF CASH FLOW STATEMENT

PARTICULARS	For the Period / Year ended on			
	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax as per Profit & Loss A/c	36,70,718	39,43,683	41,91,196	70,83,017
Adjusted for :				
a. Depreciation	7,32,073	14,77,592	16,42,977	17,18,582
b. Interest Expenses & Finance Cost	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
c. Other Adjustments	-	-	-	-
d. Interest & Other Income	(6,42,882)	(15,49,556)	(10,85,678)	(81,74,762)
<b>Operating profit before working capital changes</b>				
Adjusted for :				
a. Decrease /(Increase) in Inventories	2,93,91,051	(6,87,04,418)	(2,92,76,163)	4,90,70,286
b. Decrease / ( Increase ) in Trade Receivable	3,58,40,731	(7,47,74,619)	2,86,34,503	(5,03,93,787)
c. Decrease / ( Increase ) in Loans and Advances	(2,65,57,560)	87,74,296	7,16,869	6,81,66,478
d. Decrease / ( Increase ) in Other Assets	7,02,899	(1,03,40,879)	7,79,563	50,52,362
e. Increase / ( Decrease ) in Trade Payables	(5,35,84,898)	5,23,69,359	(3,33,06,200)	(10,35,42,524)
f. Increase / (Decrease) in Provisions	(69,552)	(55,388)	(21,64,769)	33,27,034
g. Increase / ( Decrease ) in Other Liabilities	90,58,894	(1,43,623)	(39,70,879)	(32,53,627)
<b>Cash generated from operations</b>				
Net Income Tax (Paid)/Refund	34,24,464	45,93,327	65,04,748	39,04,748
<b>Net Cash Generated/(Used) From Operating Activities (A)</b>	<b>1,42,89,705</b>	<b>(6,64,89,621)</b>	<b>(11,36,468)</b>	<b>(1,32,13,878)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
a. (Purchase) Sale of Fixed Assets	-	-	-	-
b. Interest & Other Income	(1,27,868)	17,01,925	35,15,986	73,59,744
<b>Net Cash Generated/(Used) From Investing Activities (B)</b>	<b>(1,27,868)</b>	<b>17,01,925</b>	<b>35,15,986</b>	<b>73,59,744</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
a. Interest & Finance Cost	(1,23,23,767)	(1,79,20,605)	(2,61,97,365)	(1,38,28,315)
b. Capital Introduced by Partners (net of withdrawals)	-	-	26,37,920	1,69,98,793
c. ( Repayments ) / proceeds of long term borrowings	(1,39,42,690)	3,80,03,138	3,09,80,095	72,88,018
d. ( Repayments ) / proceeds of short term borrowings	1,23,96,154	(75,05,409)	1,62,35,595	2,44,98,683
<b>Net Cash Generated/(Used) From Financing Activities (C)</b>	<b>(1,38,70,303)</b>	<b>1,25,77,124</b>	<b>2,36,56,245</b>	<b>3,49,57,179</b>
<b>Net Increase / ( Decrease ) in cash and cash equivalents</b>	<b>2,91,534</b>	<b>(5,22,10,572)</b>	<b>2,60,35,763</b>	<b>2,91,03,045</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>37,43,275</b>	<b>5,59,53,847</b>	<b>2,99,18,084</b>	<b>8,15,039</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>40,34,809</b>	<b>37,43,275</b>	<b>5,59,53,847</b>	<b>2,99,18,084</b>

For further details, kindly refer the chapter titled "Financial statement as Restated" beginning on page 115 of this draft prospectus.



## SECTION V: GENERAL INFORMATION

Our Company was originally formed as a partnership firm under the Partnership Act, 1932 in the name and style of “*Safa Systems & Solutions*” in the state of Kerala, pursuant to a Partnership Deed executed on October 18, 2012 having 7 partners at the time of formation. Subsequently, we have converted the Partnership firm into a Public Limited Company under Part I of Chapter XXI of the Companies Act, 2013 with the name and style of “*Safa Systems & Technologies Limited*” on September 21, 2021 bearing Corporate Identification Number U52100KL2021PLC071051 vide Certificate of Incorporation issued by Registrar of Companies-Central Registration Centre. For further details, please refer to section titled “*Our History and Certain Corporate Matters*” beginning on page no 97 of this Draft Prospectus.

Brief of Company and Issue Information	
<b>Registered &amp; Corporate Office</b>	<b>Safa Systems &amp; Technologies Limited</b> 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India. <b>Contact Person:</b> Mr. Liya Thomas <b>Contact No:</b> 7593001140 <b>Email ID:</b> office@sssinfo.in <b>Website:</b> www.sssinfo.in
<b>Date of Incorporation</b>	September 21, 2021
<b>Corporate Identification Number</b>	U52100KL2021PLC071051
<b>Company Category</b>	Company Limited by Shares
<b>Company Sub-category</b>	Indian Non-Government Company
<b>Address of Registrar of Companies</b>	<b>Registrar Of Companies – Ernakulam,</b> Company Law Bhawan, BMC Road, Thrikkakara, Kochi - 682021, Kerala, India.
<b>Designated Stock Exchange<sup>^</sup></b>	<b>BSE Limited,</b> SME Platform of BSE Limited (“BSE SME”) P.J. Towers, Dalal Street, Mumbai – 400 001
<b>Company Secretary and Compliance Officer</b>	<b>Ms. Pushpita Dasgupta,</b> <b>Company Secretary &amp; Compliance Officer</b> Safa Systems & Technologies Limited 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India <b>Contact No:</b> 7593001140 <b>Email ID:</b> office@sssinfo.in <b>Website:</b> www.sssinfo.in
<b>Chief Financial Officer (CFO)</b>	<b>Mr. Harikrishnan Raghunathan Nair,</b> <b>Chief Financial Officer</b> Safa Systems & Technologies Limited 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India <b>Contact No:</b> 7012158348 <b>Email ID:</b> office@sssinfo.in <b>Website:</b> www.sssinfo.in
<b>Statutory &amp; Peer Review Auditor of the company</b>	<b>“M/s. Kapish Jain &amp; Associates”</b> Chartered Accountants, <b>Address:</b> 504, B-Wing, Statesman House, 148 Barakhamba Road, New Delhi – 110001, India. <b>Tel. No:</b> 9971921466 <b>E-mail ID:</b> ca.kapish@gmail.com <b>Contact Person:</b> CA Kapish Jain <b>Designation:</b> Partner <b>Membership Number:</b> 514162 <b>Firm Registration No:</b> 022743N

<sup>^</sup> In compliance with Regulation 230(1)(a) of SEBI (ICDR) Regulation, 2018, we had made an application to SME Platform of BSE Limited only for listing of our equity shares.



## Board of Directors of Our Company:

Our Company's Board comprises of the following Directors:

Sl. No.	Name of Director	Designation	DIN	Age	Residential Address
1	Mr. Faizal Bavaraparambil Abdul Khader	Managing Director	07729191	42 Years	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
2	Mrs. Sruthi Muhammed Ali	Whole time Director	09237016	38 Years	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
3	Mr. Bavaraparambil Abdhulkadher Hydrose	Non-Executive Director	01390977	68 Years	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
4	Mr. Bengolan Anilkumar	Independent Director	09248528	40 Years	Mailadi Paramba House, Malappuram Kerala-673638
5	Mr. Sankaranarayanan Nair Sreejith	Independent Director	09250652	32 Years	Pisharath, Thuravoor Valamangalam Kerala-688532

For further details of the Board of Directors, please refer to the Section titled "**Our Management**" beginning on page no 99 of this draft prospectus.

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

LEAD MANAGER	REGISTRAR TO THE ISSUE
<b>FINSHORE MANAGEMENT SERVICES LIMITED</b> Anandlok", Block-A, 2 <sup>nd</sup> Floor, Room No. 207, 227 A.J.C Bose Road, Kolkata-700020, West Bengal <b>Telephone:</b> 033 – 22895101 <b>Email:</b> ramakrishna@finshoregroup.com <b>Website:</b> www.finshoregroup.com <b>Investor Grievance Email:</b> info@finshoregroup.com <b>Contact Person:</b> Mr. S. Ramakrishna Iyengar <b>SEBI Registration No:</b> INM000012185 <b>CIN No:</b> U74900WB2011PLC169377	<b>CAMEO CORPORATE SERVICES LIMITED</b> "Subramanian Building", #1, Club House Road, Chennai - 600 002, India <b>Telephone:</b> +91-44-40020700, 28460390 <b>Facsimile:</b> +91-44-28460129 <b>Email:</b> investor@cameoindia.com <b>Contact Person:</b> Mr. R.D. Ramasamy, Director <b>Website:</b> www.cameoindia.com <b>SEBI Registration Number:</b> INR000003753 <b>CIN No:</b> U67120TN1998PLC041613
BANKER TO THE ISSUE AND SPONSOR BANK	LEGAL ADVISOR TO THE ISSUE
[•]	<b>J MUKHERJEE &amp; ASSOCIATES</b> D-1, MMS Chambers, 1 <sup>st</sup> Floor, 4A Council House Street, Kolkata-700001, West Bengal, India <b>Telephone:</b> +91 9830640366 <b>Email:</b> jmukherjeeandassociates@gmail.com <b>Contact Person:</b> Mr. Jayabrata Mukherjee

*Note: Investors may contact our Company Secretary and Compliance Officer and/or the Registrar to the Issue and/or the Lead Manager, in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc. For all Issue related queries and for redressal of complaints, Applicants may also write to the Lead Manager. All complaints, queries or comments received by Stock Exchange/SEBI shall be forwarded to the Lead Manager, who shall respond to the same.*

*All grievances in relation to the application through ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving details such as the full name of the sole or First Applicant, ASBA Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, the name and address of the relevant Designated Intermediary, where the ASBA Form was submitted by the Bidder, ASBA Account number in which the amount equivalent to the Bid Amount was blocked and UPI ID used by the Retail Individual Investors. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.*

## Statement of Inter Se Allocation of Responsibilities

Finshore Management Services Limited is the sole Lead Manager to this Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.



### **Self-Certified Syndicate Banks (“SCSBs”)**

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details of the Designated Branches which shall collect Application Forms, please refer to the above-mentioned SEBI link.

### **Issuer Banks for UPI**

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

### **Registered Brokers**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the BSE Limited at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) as updated from time to time.

### **Brokers to This Issue**

All brokers registered with SEBI and members of the Recognised Stock Exchange can act as brokers to the Offer.

### **Registrar to Issue and Share Transfer Agents**

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

### **Collecting Depository Participants**

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

### **Credit Rating**

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

### **Trustees**

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

### **Debenture Trustees**

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

### **IPO Grading**

Since the Issue is being made in terms of Section IX of the SEBI (ICDR) Regulations, 2018 there is no requirement of appointing an IPO Grading agency.

### **Monitoring Agency**

As per regulation 262(1) of the SEBI ICDR Regulations 2018, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs.10,000 Lakhs. Since the Issue size is only of ₹400.00 Lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

### **Appraising Entity**

No appraising entity has been appointed in respect of any objects of this Issue.

### **Filing of Draft Prospectus/Prospectus with the SEBI/ROC**

In terms of Regulation 246(1) of the SEBI (ICDR) Regulations, 2018, a copy of the Prospectus shall be filed with the Board (SEBI) through the Lead Manager, immediately upon filing of the offer document with the Registrar of Companies. However, as per Regulation 246(2) of the SEBI (ICDR) Regulations, 2018, The Board (SEBI) shall not issue any observation on the offer document.

In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, 2018, a copy of this Draft Prospectus and Prospectus shall also be furnished to the Board in a soft copy.

A copy of the Prospectus shall be filed electronically with the SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI and with the Designated Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, a copy of the Draft Prospectus/Prospectus will be mailed at the e-mail address: [cfdil@sebi.gov.in](mailto:cfdil@sebi.gov.in)



A copy of the Prospectus, along with the documents required to be filed under Section 26 & 32 of the Companies Act, 2013 would be delivered for filing to the **Registrar of Companies-Ernakulam**.

#### Issue Programme

Issue Opening Date	[●]
Issue Closing Date	[●]
Finalisation of Basis of Allotment with BSE SME	[●]
Initiation of Allotment / Refunds/ unblocking of ASBA Accounts	[●]
Credit of Equity Shares to demat accounts of the Allottees	[●]
Commencement of trading of the Equity Shares on BSE SME	[●]

#### Expert Opinion

Our Company has not obtained any expert opinions except we have received consent from the Peer review Auditors of the Company to include their name as an expert in this draft prospectus in relation to the (a) Peer review Auditors' reports on the restated Audited financial statements; and (b) Statement of Tax Benefits by the Peer review Auditors and such consent has not been withdrawn as on the date of this draft prospectus.

#### Change in Auditors during the last three (3) years

There has been no subsequent change in the Auditor since incorporation.

#### Underwriter

In terms of Regulation 260 (1) of the SEBI (ICDR) Regulations, 2018, the initial public offer shall be underwritten for hundred per cent (100%) of the offer and shall not be restricted up to the minimum subscription level and as per sub regulation (2) The lead manager(s) shall underwrite at least fifteen per cent of the issue size on their own account(s).

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

Name, Address, Telephone, and Email of the Underwriter	Indicated no. of Equity Shares to be Underwritten	Amount Underwritten	% of the total Issue Size Underwritten
<b>Finshore Management Services Limited</b> Anandlok, Block-A, 2nd Floor, Room No. 207, 227 A.J.C. Bose Road, Kolkata-700020, India <b>Tel No:</b> +91-33-22895101 <b>Website:</b> www.finshoregroup.com <b>Email:</b> ramakrishna@finshoregroup.com <b>Investor Grievance Email:</b> info@finshoregroup.com <b>Contact Person:</b> Mr. S. Ramakrishna Iyengar <b>SEBI Registration No:</b> INM000012185	40,00,000* Equity Shares	₹400.00 Lakhs	100.00%

\*Includes 2,00,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker vide their agreement dated [●] in order to comply with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, as amended.

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

#### Details of Market Making Arrangement for This Issue

Our Company and the Lead Manager has entered into Market Making Agreement dated [●] with the following Market Maker to fulfill the obligations of Market Making for this Issue:

<b>Name</b>	[●]
<b>Address</b>	[●]
<b>Telephone</b>	[●]
<b>E-mail</b>	[●]
<b>Contact Person</b>	[●]
<b>SEBI Registration No</b>	[●]
<b>Market Maker Registration No.</b>	[●]



M/s. [●], registered with BSE Limited, will act as the market maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI (ICDR) Regulations.

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, as amended from time to time and the circulars issued by the BSE and SEBI in this matter from time to time.

➤ *In terms of regulation 261(1) of SEBI ICDR Regulations 2018, the Market Making arrangement through the Market Maker will be in place for a period of three years from the date of listing of our Equity Shares and shall be carried out in accordance with SEBI ICDR Regulations and the circulars issued by the BSE and SEBI regarding this matter from time to time.*

➤ *In terms of regulation 261(2) of SEBI ICDR Regulations 2018, The market maker or issuer, in consultation with the lead manager(s) may enter into agreements with the nominated investors for receiving or delivering the specified securities in market making, subject to the prior approval of the BSE Ltd.*

➤ *In terms of regulation 261(3) of SEBI ICDR Regulations 2018, Following is a summary of the key details pertaining to the Market Making arrangement*

1. The Market Maker “[●]” shall be required to provide a two-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of BSE SME and SEBI from time to time.
3. The Market Maker is required to comply with SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, SEBI ICDR Regulations and relevant Exchange Circulars including BSE notice no: 20190718-28 dated 18th July, 2019 on Net worth requirement for Market Makers on SME platform.
4. The minimum depth of the quote shall be Rs.1.00 Lakh. However, the investors with holdings of value less than Rs. 1.00 Lakh shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
5. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.
6. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on BSE SME (in this case currently the minimum trading lot size is 10,000 equity shares; however, the same may be changed by the BSE SME from time to time).
7. The shares of the Company will be traded in Trade for Trade Segment for the first 10 days from commencement of trading (as per SEBI Circular no: CIR/MRD/DP/ 02/2012 dated January 20, 2012) on SME Platform of BSE Limited and market maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.
8. The Market Maker shall start providing quotes from the day of the listing / the day when designated as the Market Maker for the respective scrip and shall be subject to the guidelines laid down for market making by the BSE Limited.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. In terms of regulation 261(6) of SEBI ICDR Regulations 2018, Market Maker shall not buy the Equity Shares from the Promoters or Persons belonging to promoter group of **Safa Systems & Technologies Limited** or any person who has acquired shares from such promoter or person belonging to promoter group, during the compulsory market making period.
11. In terms of regulation 261(7) of SEBI ICDR Regulations 2018, The Promoters’ holding of **Safa Systems & Technologies Limited** shall not be eligible for offering to the Market Maker during the Compulsory Market Making Period. However, the promoters’ holding of **Safa Systems & Technologies Limited** which is not locked-in as per the SEBI (ICDR) Regulations, 2018 as amended, can be traded with prior permission of the SME Platform of BSE Limited, in the manner specified by SEBI from time to time.



12. The Lead Manager may be represented on the Board of the Issuer Company in compliance with Regulation 261 (8) of SEBI (ICDR) Regulations, 2018.
13. The Market Maker shall not be responsible to maintain the price of the Equity Shares of the Issuer Company at any particular level and is purely supposed to facilitate liquidity on the counter of **Safa Systems & Technologies Limited** via its 2-way quotes. The price of the Equity Shares shall be determined and be subject to market forces.
14. **Risk containment measures and monitoring for Market Maker:** BSE SME will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
15. **Punitive Action in case of default by Market Maker(s):** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case they are not present in the market (offering two-way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

The Market Maker(s) shall have the right to terminate said arrangement by giving **three months' notice** or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above-mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the relevant laws and regulations applicable at that particular point of time.

16. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction
17. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:

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

18. All the above-mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.
19. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹250 crores, the applicable price bands for the first day shall be:
  - i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.



- *In terms of regulation 261(4) of SEBI ICDR Regulations 2018, The specified securities being bought or sold in the process of market making may be transferred to or from the nominated investors with whom the lead manager(s) and the issuer have entered into an agreement for market making: Provided that the inventory of the market maker, as on the date of allotment of the specified securities, shall be at least five per cent. of the specified securities proposed to be listed on BSE SME.*
- *In terms of regulation 261(5) of SEBI ICDR Regulations 2018, The market maker shall buy the entire shareholding of a shareholder of the issuer in one lot, where the value of such shareholding is less than the minimum contract size allowed for trading on the BSE SME: Provided that market maker shall not sell in lots less than the minimum contract size allowed for trading on the BSE SME.*



## SECTION VI: CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this draft prospectus, is set forth below:

*(Rs. in Lakhs except share data)*

No.	Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
A.	<b>Authorized Share Capital</b>		
	1,55,00,000 Equity Shares of face value of ₹10/- each	1550.00	--
B.	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Offer</b>		
	1,10,77,550 Equity Shares of face value of ₹10/- each <sup>(1)</sup>	1107.75	--
C.	<b>Present issue in terms of the draft prospectus <sup>(2)</sup></b>		
	40,00,000 Equity Shares of ₹10/- each for cash at a price of ₹10/-per share	400.00	400.00
<b>Which Comprises of</b>			
D.	<b>Reservation for Market Maker portion</b>		
	2,00,000 Shares of ₹10/- each for cash at a price a ₹10/- per Equity Share	20.00	20.00
E.	<b>Net Issue to the Public</b>		
	38,00,000 Equity Shares of ₹10/- each for cash at a price a ₹10/- per Equity Share, <b>out of which:</b>	380.00	380.00
	19,00,000 Equity Shares of ₹10/- each for cash at a price a ₹10/-per Equity Share will be available for allocation for allotment to Retail Individual Investors of <b>up to ₹2.00 lakhs</b>	190.00	190.00
	19,00,000 Equity Shares of ₹10/- each for cash at a price a ₹10/- per Equity Share will be available for allocation for allotment to Other Investors of <b>above ₹2.00 lakhs</b>	190.00	190.00
F.	<b>Paid up Equity capital after the Issue</b>		
	1,50,77,550 Equity Shares of ₹10/- each	1,507.75	
G.	<b>Securities Premium Account</b>		
	Before the Issue		Nil
	After the Issue		Nil

<sup>(1)</sup> Our Company has only one class of share, i.e., Equity Shares having face value of ₹10/- each and there are not partly paid-up Equity Shares or preference shares or convertible securities outstanding for conversion as on the date of this draft prospectus.

<sup>(2)</sup> The present Issue of 40,00,000 Equity Shares in terms of draft prospectus has been authorized pursuant to a resolution of our Board of Directors dated December 03, 2021 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on December 06, 2021.

### Details of changes in Authorized Share Capital of Our Company since incorporation:

Sr. No.	Date of Shareholders approval	EGM/AGM/ Postal Ballot	Authorized Share Capital (Rs.)	Details of change
1	21-09-2021	On Incorporation	10,00,00,000	Incorporated with an Authorized Share Capital of ₹10,00,00,000 comprising of 1,00,00,000 Equity Shares of ₹10/- each.
2	01-11-2021	EOGM	15,50,00,000	Increase in Authorized Share Capital from ₹10,00,00,000 comprising of 1,00,00,000 Equity Shares of ₹10/- each to ₹15,50,00,000 comprising of 1,55,00,000 Equity Shares of ₹10/- each.



## Notes to Capital Structure:

### Share capital history of our Company

#### (a) Equity share capital history of our Company:

The following is the history of the equity share capital of our Company:

Date of Allotment	No. of Equity Shares	Face Value (In ₹)	Issue Price (In ₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Capital (in ₹)	Cumulative Share Premium (in ₹)
21-09-2021	84,37,500	10.00	10.00	During Conversion of firm into Company #	Subscription to MOA <sup>(1)</sup>	84,37,500	8,43,75,000	-
08-12-2021	19,03,200	10.00	10.00	Conversion of Loan #	Conversion of Loan <sup>(2)</sup>	1,03,40,700	10,34,07,000	-
08-12-2021	7,36,850	10.00	10.00	Conversion of Loan	Conversion of Loan <sup>(3)</sup>	1,10,77,550	11,07,75,500	-

# Equity shares allotted pursuant to conversion of "Safa Systems & Solutions", a partnership firm into Public Limited Company under Companies Act, 2013.

#### <sup>(1)</sup> Allotment on Initial subscribers to the Memorandum of Association dated 21-09-2021

Sl. No.	Name of the allottee	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Number of Equity Shares allotted
1	Faizal Bavaraparambil Abdul Khader	10/-	10/-	Subscription to MOA	13,50,000
2	Bavaraparambil Abdhulkadher Hydrose	10/-	10/-	Subscription to MOA	11,81,250
3	Sruthi Muhammed Ali	10/-	10/-	Subscription to MOA	11,81,250
4	Arakkal Ayyoob Soumya	10/-	10/-	Subscription to MOA	11,81,250
5	Pathukunju Parayankudy Abubacker	10/-	10/-	Subscription to MOA	11,81,250
6	Bavaraparambil Ayyoob Abdul Khader	10/-	10/-	Subscription to MOA	11,81,250
7	Anaz Abdul Khader Bavaraparambil	10/-	10/-	Subscription to MOA	11,81,250
<b>Total</b>					<b>84,37,500</b>

(At the time of conversion of Partnership Firm into company, the Fixed capital of Partnership firm has been converted into Equity share capital of the Company at the time of incorporation).

#### <sup>(2)</sup> Further on 08-12-2021, the Company has allotted 19,03,200 Equity Shares of face value of ₹10/- each at par as per the details given below:

Sl. No.	Name of the allottee	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Number of Equity Shares allotted
1	Faizal Bavaraparambil Abdul Khader	10/-	10/-	Conversion of Loan	3,89,900
2	Bavaraparambil Abdhulkadher Hydrose	10/-	10/-	Conversion of Loan	1,59,900
3	Sruthi Muhammed Ali	10/-	10/-	Conversion of Loan	3,69,200
4	Arakkal Ayyoob Soumya	10/-	10/-	Conversion of Loan	2,33,100
5	Pathukunju Parayankudy Abubacker	10/-	10/-	Conversion of Loan	3,19,200
6	Bavaraparambil Ayyoob Abdul Khader	10/-	10/-	Conversion of Loan	1,86,000
7	Anaz Abdul Khader Bavaraparambil	10/-	10/-	Conversion of Loan	2,45,900
<b>Total</b>					<b>19,03,200</b>

(After the conversion of Partnership Firm into company, the Current capital of Partnership firm has been converted into Equity share capital of the Company).

#### <sup>(3)</sup> Further on 08-12-2021, the Company has allotted 7,36,850 Equity Shares of the face value of ₹10/- each at par as per the details given below:

Sl. No.	Name of the allottee	Face Value (₹)	Issue Price (₹)	Nature of Allotment	Number of Equity Shares allotted
1	Safa Plywoods Pvt. Ltd.	10/-	10/-	Conversion of Loan	7,36,850
<b>Total</b>					<b>7,36,850</b>

(Safa Plywood Pvt. Ltd. Has given loan to erstwhile firm, which has been converted into equity)

As on the date of this draft prospectus, our Company does not have any preference share capital.



***(b) Equity shares issued for consideration other than cash:***

The company has been incorporated pursuant to conversion of Partnership Firm and the shares have been allotted pursuant to such conversion as mentioned above.

***(c) Revaluation of our assets:***

We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

***(d) If shares have been issued in terms of any scheme approved under Sections 391- 394 of the Companies Act or under section 230-234 of the Companies Act, 2013:***

Our Company has not issued any Equity Shares in terms of any scheme approved under Sections 391- 394 of the Companies Act or under section 230-234 of the Companies Act, 2013.

***(e) If shares have been issued under one or more employee stock option schemes:***

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this draft prospectus.

***(f) Issue of Equity Shares in the last one year below the Issue Price:***

This issue is at par with face value of ₹10/- per Equity Share. No Equity Shares had been issued by our company at a price lower than the issue price during the preceding one year from the date of this draft prospectus.



**(g) Shareholding Pattern of our Company:**

The table below presents the current shareholding pattern of our Company as on the date of this draft prospectus.

Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No (a)	As a % of total Shares held (b)	No (a)		As a % of total Shares held (Sb)
								Class: X	Class : y	Total								
A1	Promoter	2	40,65,250	-	-	40,65,250	36.70%	40,65,250	-	40,65,250	36.70%	-	-	-	-	-	40,65,250	
A2	Promoter Group	6	70,12,300	-	-	70,12,300	63.30%	70,12,300	-	70,12,300	63.30%	-	-	-	-	-	70,12,300	
B	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
C	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
C1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
C2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total</b>	<b>8</b>	<b>1,10,77,550</b>	<b>-</b>	<b>-</b>	<b>1,10,77,550</b>	<b>100.00%</b>	<b>1,10,77,550</b>	<b>-</b>	<b>1,10,77,550</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,10,77,550</b>	

As on date of this draft prospectus, 1 Equity share holds 1 vote.

As on date, we have only one class of Equity Shares of face value of Rs. 10/- each.

All Pre-IPO equity shares of our company will be locked-in as per regulations of SEBI ICDR prior to listing of shares on SME Platform of BSE Limited.

In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearings no. SEBI/Cir/ISD/05/2011 dated September 30, 2011, the equity shares held by the Promoters and Promoter Group are dematerialized.

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the Listing Regulation, one day prior to the listing of the Equity shares. The Shareholding pattern will be uploaded on the Website of BSE Limited before commencement of trading of such Equity Share.



- (i) **List of Major Shareholders holding 1% or more of the current paid-up equity share capital aggregating to at least 80% of capital of our Company as on the date of the draft prospectus:**

Sl. No.	Name of Shareholders	Number of Equity Shares	% Of the Pre-Issue paid-up capital
1	Faizal Bavaraparambil Abdul Khader	28,84,000	26.03%
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.66%
3	Sruthi Muhammed Ali	15,50,450	14.00%
4	Arakkal Ayyoob Soumya	11,81,250	10.66%
5	Pathukunju Parayankudy Abubacker	11,81,250	10.66%
6	Bavaraparambil Ayyoob Abdul Khader	11,81,250	10.66%
7	Anaz Abdul Khader Bavaraparambil	11,81,250	10.66%
8	Safa Plywoods Pvt. Ltd.	7,36,850	6.65%
<b>Total</b>		<b>1,10,77,550</b>	<b>100.00%</b>

- (ii) **List of Major Shareholders holding 1% or more of the paid-up equity share capital aggregating to at least 80% of capital of our Company as on a date 10 (Ten) days before the date of the draft prospectus:**

Sl. No.	Name of Shareholders	Number of Equity Shares	% Of the Pre-Issue paid-up capital
1	Faizal Bavaraparambil Abdul Khader	17,39,900	15.71%
2	Bavaraparambil Abdhulkadher Hydrose	13,41,150	12.11%
3	Sruthi Muhammed Ali	15,50,450	14.00%
4	Arakkal Ayyoob Soumya	14,14,350	12.77%
5	Pathukunju Parayankudy Abubacker	15,00,450	13.54%
6	Bavaraparambil Ayyoob Abdul Khader	13,67,250	12.34%
7	Anaz Abdul Khader Bavaraparambil	14,27,150	12.88%
8	Safa Plywoods Pvt. Ltd.	7,36,850	6.65%
<b>Total</b>		<b>1,10,77,550</b>	<b>100.00%</b>

- (iii) **List of Major Shareholders holding 1% or more of the paid-up equity share capital aggregating to at least 80% of capital of our Company as on a date 1 (one) year before the date of the draft prospectus:** Not Applicable.

- (iv) **List of Major Shareholders holding 1% or more of the paid-up equity share capital aggregating to at least 80% of capital of our Company as on a date 2 (two) year before the date of the draft prospectus:** Not Applicable.

- (h) **Proposal or intention to alter our capital structure within a period of 6 months from the date of opening of the Issue:**

Our Company does not have any intention or proposal to alter our capital structure within a period of 6 months from the date of opening of the Issue by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or bonus, rights, further public issue or qualified institutions placement or otherwise. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company after obtaining relevant approvals.

- (i) **The Details of Shareholding of Promoters of Our Company;**

**Capital Build-up of our Promoters in our company:**

The current promoters of our Company are Mr. Faizal Bavaraparambil Abdul Khader and Bavaraparambil Abdhulkadher Hydrose.

Pursuant to Regulation 236 of SEBI (ICDR) Regulations 2018, minimum promoters' contribution should be not less than 20% of the post Issue equity share capital of our Company. As on the date of this draft prospectus, our Promoters collectively hold 40,65,250 Equity Shares, which constitutes 36.70% of the Pre-IPO issued, subscribed and paid-up Equity Share capital of our Company and approximately 26.96% of the post-IPO issued, subscribed and paid-up Equity Share capital assuming full allotment of the shares offered in IPO. The Details are as under:



Particulars	Pre-Issue Shareholding		Post-Issue Shareholding	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Faizal Bavaraparambil Abdul Khader	28,84,000	26.04%	28,84,000	19.13%
Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.66%	11,81,250	7.83%
<b>Total Promoters Shareholding</b>	<b>40,65,250</b>	<b>36.70%</b>	<b>40,65,250</b>	<b>26.96%</b>

All the Equity Shares allotted and held by our Promoters were fully paid at the time of allotment itself. Further, none of the Equity Shares held by our Promoters are subject to any pledge.

*Set forth below is the build-up of the equity shareholding of our Promoters since the incorporation of our Company.*

**i) Mr. Faizal Bavaraparambil Abdul Khader**

Date of Allotment/Acquisition/Sale	Number of Equity Shares	Face Value	Issue/Transfer Price per Equity Share	Nature of Consideration	Nature of transaction	Pre-issue Share Holding%	Post-issue Share Holding%	Pledge
21-09-2021	13,50,000	10.00	10.00	During Conversion of firm into Company	Subscription to MoA	12.19%	8.95%	No
08-12-2021	3,89,900	10.00	10.00	Conversion of Loan	Allotment	3.52%	2.59%	No
16-12-2021	11,44,100	10.00	10.00	Cash	Purchase *	10.33%	7.59%	No
<b>TOTAL</b>	<b>28,84,000</b>					<b>26.03%</b>	<b>19.13%</b>	

\* Mr. Faizal has purchased the shares from other family members as mentioned below

Bavaraparambil Abdhulkadher Hydrose	1,59,900
Arakkal Ayyoob Soumya	2,33,100
Pathukunju Parayankudy Abubacker	3,19,200
Bavaraparambil Ayyoob Abdul Khader	1,86,000
Anaz Abdul Khader Bavaraparambil	2,45,900
<b>Total</b>	<b>11,44,100</b>

**ii) Mr. Bavaraparambil Abdhulkadher Hydrose**

Date of Allotment/Acquisition/Sale	Number of Equity Shares	Face Value	Issue/Transfer Price per Equity Share	Nature of Consideration	Nature of transaction	Pre-issue Share Holding%	Post-issue Share Holding%	Pledge
21-09-2021	11,81,250	10.00	10.00	During Conversion of firm into Company	Subscription to MoA	10.66%	7.83%	No
08-12-2021	1,59,900	10.00	10.00	Conversion of Loan	Allotment	1.44%	1.06%	No
16-12-2021	-1,59,900	10.00	10.00	Cash	Sale	-1.44%	-1.06%	No
<b>TOTAL</b>	<b>11,81,250</b>					<b>10.66%</b>	<b>7.83%</b>	

(1,59,900 shares has been sold to Mr. Faizal Bavaraparambil Abdul Khader @ Rs. 10/- each)

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

Sl. No.	Name of the Promoter	No. of Equity Shares Held	Avg. Cost of Acquisition (In ₹ per Equity Share)
1	Faizal Bavaraparambil Abdul Khader	28,84,000	10.00
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.00

Note: All the Equity Shares held by our Promoters were fully paid up as on the respective dates of acquisition of such Equity Shares and there are no partly paid-up Equity Shares as on the date of filing of this draft prospectus.

(j) As on date of this draft prospectus, our Company has 8 (Eight) shareholders.



**(k) The aggregate shareholding of the Promoters and Promoter Group and of the directors of the promoters, where the promoter is a body corporate.**

Our Promoters doesn't include any Body corporates. The Aggregate shareholding of the Promoters & Promoter Group are as under:

Particulars	Pre-Issue Shareholding		Post-Issue Shareholding	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
<b>Promoters</b>				
Faizal Bavaraparambil Abdul Khader	28,84,000	26.03%	28,84,000	19.13%
Bavaraparambil Abdhulkadher Hydrose	11,81,250	10.66%	11,81,250	7.83%
<b>Total Promoters Shareholding (A)</b>	<b>40,65,250</b>	<b>36.70%</b>	<b>40,65,250</b>	<b>26.96%</b>
<b>Promoter Group</b>				
Sruthi Muhammed Ali	15,50,450	14.00%	15,50,450	10.28%
Arakkal Ayyoob Soumya	11,81,250	10.66%	11,81,250	7.83%
Pathukunju Parayankudy Abubacker	11,81,250	10.66%	11,81,250	7.83%
Bavaraparambil Ayyoob Abdul Khader	11,81,250	10.66%	11,81,250	7.83%
Anaz Abdul Khader Bavaraparambil	11,81,250	10.66%	11,81,250	7.83%
Safa Plywoods Pvt. Ltd.	7,36,850	6.65%	7,36,850	4.89%
<b>Total Promoters Group Shareholding (B)</b>	<b>70,12,300</b>	<b>63.30%</b>	<b>70,12,300</b>	<b>46.51%</b>
<b>Total Promoters &amp; Promoters Group (A+B)</b>	<b>1,10,77,550</b>	<b>100.00%</b>	<b>1,10,77,550</b>	<b>73.47%</b>

- There are 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 since inception of the company.

**(l) Promoter's Contribution:**

**(i) Details of Promoter's Contribution Locked-in of Equity Shares for Three (3) Years**

Pursuant to Regulation 236 of SEBI (ICDR) Regulations 2018, minimum promoters' contribution should be not less than 20% of the post Issue equity share capital of our Company. Further, in terms of Regulation 238(a) of SEBI ICDR Regulations, minimum promoter's contribution will be locked-in for a period of three years from the date of Allotment or date of commencement of commercial production, whichever is later and the Equity Shares held by Promoter of our Company in excess of minimum promoter's contribution will be locked-in for a period of one year from the date of Allotment.

As on the date of this draft prospectus, our Promoters collectively hold 40,65,250 Equity Shares constituting 26.96% of the Post offer issued, subscribed and paid-up Equity Share capital of our Company, which are eligible for the Promoter's Contribution margin of 20% of the post Issue equity share capital of our Company.

An aggregate of minimum 20.00% of the post-issue capital, held by our Promoters shall be considered as Promoter's Contribution ("Minimum Promoter's Contribution") and locked-in for a period of three years from the date of allotment. The lock-in of the Promoter's Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have granted their consents to include such number of Equity Shares held by them as may constitute minimum 20.00% of the post-issue Equity Share Capital of our Company as Promoter's Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoter's Contribution from the date of filing of this draft prospectus until the completion of the lock-in period specified above.

**The details of lock-in of shares for 3 (three) years are as under:**

Sr. No.	Name of the Promoter Shareholder	No. of Shares held	No. of Shares held for lock-in	Post-IPO Share Locked in (In%)	Lock in Period
1	Faizal Bavaraparambil Abdul Khader	28,84,000	18,34,260	12.17%	3 Years
2	Bavaraparambil Abdhulkadher Hydrose	11,81,250	11,81,250	7.83%	3 Years
<b>Total</b>		<b>40,65,250</b>	<b>30,15,510</b>	<b>20.00%</b>	

*30,15,510 Pre-IPO equity shares of our company held by Our Promoter will be locked-in for 3 (three) years as mentioned above prior to listing of shares on SME Platform of BSE Limited.*



In terms of Regulation 237 of SEBI ICDR Regulations, our Company confirms that none of the Equity Shares forming part of minimum promoter's contribution –

- Are acquired by our Promoter during preceding three financial years;
  - For consideration other than cash and where revaluation of assets or capitalization of intangible assets was involved; or
  - Through bonus issue of Equity Shares made by utilizing the revaluation reserves or unrealized gain or through bonus issue against equity shares which are ineligible for minimum promoter's contribution;
- Are pledged by our Promoter with any creditor;
- Consist of Equity Shares acquired by our Promoter during preceding one year at a price lower than the Issue Price.

Our Company was incorporated under the Companies Act, 2013 and was incorporated by converting the partnership firm "Safa Systems & Solutions" into public limited company under Part I of Chapter XXI of the Companies Act, 2013. All the partners of the erstwhile partnership firm become shareholders of the company at the time of incorporation.

The Promoters have severally confirmed that the Equity Shares are eligible in terms of Regulation 237 of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares are free from any lien, encumbrance or third-party rights. The Promoters have also severally confirmed that they are the legal and beneficial owners of the Equity.

All the Equity Shares held by our Promoters were fully paid up as on the respective dates of acquisition of such Equity Shares. Our Promoters have confirmed to our Company and the Lead Manager that the Equity Shares held by our Promoters have been financed from their personal funds, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed of by them for such purpose.

**(ii) Details of Equity Shares Locked-in for one (1) year**

In excess of minimum 20% of the post-Issue shareholding of our Company held by the Promoter (locked in for three years as specified above), the balance pre-issue share capital of our Company held by promoters shall be locked in for a period of one year from the date of Allotment in this Issue as provided in clause 238(b) of SEBI (ICDR) Regulations 2018.

Further, in terms of Regulation 239 of SEBI ICDR Regulations, entire pre-Issue equity shares capital of our Company held by persons other than our Promoter will be locked-in for a period of one year from the date of Allotment in the Issue.

***The details of lock-in of shares for 1 (one) year are as under:***

<i>Name of Shareholders</i>	<i>Category</i>	<i>No of Shares Held</i>	<i>Lock-in for 3 Years</i>	<i>Lock-in for 1 Years</i>
Faizal Bavaraparambil Abdul Khader	Promoter	28,84,000	18,34,260	10,49,740
Bavaraparambil Abdhulkadher Hydrose	Promoter	11,81,250	11,81,250	-
Sruthi Muhammed Ali	Promoter Group	15,50,450	-	15,50,450
Arakkal Ayyoob Soumya	Promoter Group	11,81,250	-	11,81,250
Pathukunju Parayankudy Abubacker	Promoter Group	11,81,250	-	11,81,250
Bavaraparambil Ayyoob Abdul Khader	Promoter Group	11,81,250	-	11,81,250
Anaz Abdul Khader Bavaraparambil	Promoter Group	11,81,250	-	11,81,250
Safa Plywoods Pvt. Ltd.	Promoter Group	7,36,850	-	7,36,850
<b>Total</b>		<b>1,10,77,550</b>	<b>30,15,510</b>	<b>80,60,040</b>

**(iii) Other requirements in respect of lock-in**

➤ **Inscription or recording of non-transferability:**

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, our Company confirms that certificates of Equity Shares which are subject to lock in shall contain the inscription "Non-Transferable" and specify the lock-in period and in case such equity shares are dematerialized, the Company shall ensure that the lock in is recorded by the Depository.

➤ **Pledge of Locked-in Equity Shares**

Pursuant to Regulation 242 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoter, as specified above, can be pledged with any scheduled commercial banks or public financial institutions or systemically important non-banking finance company or housing finance company as collateral security for loans granted by such scheduled commercial banks or public financial institutions or systemically important non-banking finance company or housing finance company, subject to fulfilment of following conditions:



- i. In respect of Equity Shares which are locked in for a period of one year, the pledge of the Equity Shares is one of the terms of the sanction of the loan;
- ii. In respect of Equity Shares which are locked in for a period of three years, the loan has been granted by such scheduled commercial bank or public financial institution or systemically important non-banking finance company or housing finance company to our Company or our Subsidiary (ies) for the purpose of financing one or more of the objects of the Issue and the pledge of the Equity Shares is one of the terms of the sanction of the loan.

➤ **Transfer of Locked-in Equity Shares**

In terms of Regulation 243 of the SEBI (ICDR) Regulations, 2018 and subject to provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as applicable;

- a) The Equity Shares held by our Promoters and locked in as per Regulation 238 of the SEBI (ICDR) Regulations, 2018 may be transferred to another Promoters or any person of the Promoters' Group or to a new promoter(s) or persons in control of our Company, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.
  - b) The equity shares held by persons other than promoters and locked in as per Regulation 239 of the SEBI (ICDR) Regulations, 2018 may be transferred to any other person (including Promoter and Promoters' Group) holding the equity shares which are locked-in along with the equity shares proposed to be transferred, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.
- (iv) **Sale/Purchase by Promoter Group and/or by directors of Company which is promoter of our company and/or by the director of our company and their immediate relatives during six months preceding the date of this draft prospectus:**  
There is no Sale/Purchase by Promoter Group and/or by directors of Company which is promoter of our company and/or by the director of our company and their immediate relatives during six months preceding the date of this draft prospectus except as mentioned in this chapter and draft prospectus.
- (m) Our Company, its Directors, Promoters or the Lead Manager have not entered into any buy-back or standby arrangements for the purchase of the Equity Shares of our Company.
  - (n) The Equity Shares issued pursuant to this Issue shall be fully paid-up.
  - (o) The Lead Manager and its associates do not hold any Equity Shares in our Company as on the date of filing this draft prospectus.
  - (p) There are no options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of issuer, in the preceding three years (separately for each year) and on a cumulative basis for all options or equity shares issued prior to the date of the draft prospectus.
  - (q) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this draft prospectus.



**Other miscellaneous disclosures:**

1. None of the Equity Shares of our Company are subject to any pledge as on the date of this draft prospectus.
2. None of the shareholding of the Promoters & Promoter Group is subject to lock-in as on date of this draft prospectus.
3. Except as disclosed in the chapter titled **“Our Management”** beginning on page 99 of this draft prospectus, none of our directors or Key Managerial Personnel holds any Equity Shares in our Company.
4. None of our Promoters, Promoter Group, our directors and their relatives has entered into any financing arrangements or financed the purchase of the Equity shares of our Company by any other person during the period of six (6) months immediately preceding the date of filing of the draft prospectus.
5. We hereby confirm that there will be no further issue of capital whether by the way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the draft prospectus until the Equity shares offered have been listed or application money unblocked on account of failure of issue.
6. Our Company undertakes that there shall be only one (1) denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
7. Our Company has not issued Equity Shares out of Revaluation Reserves.
8. Our Company shall comply with such disclosures and accounting norms as may be specified by BSE, SEBI and other regulatory authorities from time to time.
9. Our Company has not made any public issue of any kind or class of securities of our Company within the immediately preceding two (2) years prior to filing this draft prospectus.
10. Our Company has not raised any bridge loan against the proceeds of this issue.
11. Our Company, Directors, Promoters or members of our Promoter Group shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this draft prospectus.
12. Our Company has not revalued its assets since incorporation.
13. An over-subscription to the extent of 10% of the Net Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to three (3) years lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
14. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange i.e., BSE Limited (BSE SME Platform). Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
15. In case of over-subscription in all categories the allocation in the issue shall be as per the requirements of SEBI (ICDR) Regulations.
16. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
17. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
18. There are no Equity Shares against which depository receipts have been issued.
19. Other than the Equity Shares, there is no other class of securities issued by our Company.
20. This issue is being made through Fixed Price method.



21. This Issue is being made in terms of Section IX of the SEBI (ICDR) Regulations 2018, as amended from time to time. The Issue is being made through the Fixed Price method and hence, as per Regulation 253, sub regulation (2) of SEBI (ICDR) Regulations 2018, the allocation in the net issue to public category shall be made as follow:

- (a) Minimum 50% to the Retail individual investors; and
- (b) remaining to:
  - i. individual applicants other than retail individual investors; and
  - ii. other investors including corporate bodies or institutions; irrespective of the number of specified securities applied for;

Provided that the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

**Explanation:** For the purpose of Regulation 253, sub-regulation (2), if the retail individual investor category is entitled to more than fifty percent of the issue size on proportionate basis, the retail individual investors shall be allocated that higher percentage.

22. *Our Promoters and members of our Promoter Group will not participate in the Issue.*



## SECTION VII: PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Issue includes a fresh Issue of 40,00,000 Equity Shares of our Company at an Issue Price of ₹10/- per Equity Share aggregating to ₹400.00 Lakhs.

Our Company proposes to utilize the funds which are being raised through this Issue towards the below mentioned objects and gain benefits of listing on SME Platform of BSE Limited.

#### The Objects of the Issue are:

- A. To meet the working capital requirements of the company
- B. To meet the Issue Expenses
- C. General Corporate Purposes

Our Company believes that listing will enhance our Company's corporate image, brand name and create a public market for its Equity Shares in India. It will also make future financing easier and affordable in case of expansion or diversification of the business. Further, listing attracts interest of institutional investors as well as foreign institutional investors.

The main objects clause of our Memorandum enables our Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the object's clause of our Memorandum. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution.

#### Requirement of Funds

The following table summarizes the requirement of funds:

*(Rs. In Lakhs)*

Sr. No.	Particulars	Estimated Amount	% of total issue size	Amount to be financed from issue proceeds
1	To meet Working Capital Requirement	321.00	80.25%	321.00
2	General Corporate Expenses	30.00	7.50%	30.00
3	Public Issue Expenses	49.00	12.25%	49.00
	<b>Gross Issue Proceeds</b>	<b>400.00</b>	<b>100.00%</b>	<b>400.00</b>
Less	Issue Expenses	49.00	12.25%	49.00
	<b>Net Issue Proceeds</b>	<b>351.00</b>	<b>87.75%</b>	<b>351.00</b>

#### Means of Finance:

We propose to meet the requirement of funds for the stated objects of the Issue from the IPO Proceeds and internal accruals. Accordingly, we confirm that we are in compliance with the requirements under Regulation 230(1)(e) of the SEBI ICDR Regulations and Clause 9(C) of Part A of Schedule VI of the SEBI (ICDR) Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the Issue Proceeds and existing identifiable internal accruals).

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy, as discussed further below.

In case of variations in the actual utilization of funds allocated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail re-scheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from internal accruals and/or debt. In case of any such re-scheduling, it shall be made by compliance of the relevant provisions of the Companies Act, 2013 / Companies Act, 1956.



## Details of the Use of the Proceeds

### A. Working Capital Requirement and basis of estimation:

Our business is working capital intensive and our company funds a majority of our working capital requirement through internal accruals and Banking limits. For the expansion of our business and to enter new geographical areas, our company requires additional working capital which is based on our management estimations of the future business plan for the FY 2021-22.

Details of estimation of working capital requirement are as follows:

*(Rs. in Lakhs)*

Particulars	31-03-2019	31-03-2020	31-03-2021	31-03-2022
	(Restated)	(Restated)	(Restated)	(Estimation)
Cash & Bank Balance	299.18	559.54	37.43	106.70
Sundry Debtors	2,614.24	2,327.89	3,075.64	3,750.00
Inventory	291.42	584.18	1,271.22	1,250.00
Other Current Assets	38.77	14.57	66.98	100.00
<b>Total Current Assets</b>	<b>3,243.61</b>	<b>3,486.18</b>	<b>4,451.28</b>	<b>5,206.70</b>
Short Term Borrowings	1,842.22	2,046.49	2,010.87	2,400.00
Sundry Creditors	936.20	603.14	1,126.83	1,217.50
Other Current Liabilities	83.89	23.44	22.31	45.00
<b>Total Current Liabilities</b>	<b>2,862.30</b>	<b>2,673.07</b>	<b>3,160.01</b>	<b>3,662.50</b>
<b>Working Capital Gap</b>	<b>381.30</b>	<b>813.12</b>	<b>1,291.27</b>	<b>1,544.20</b>
<b>Source of Working Capital</b>				
Proceeds from IPO	-	-	-	321.00
Internal Accrual	381.30	813.12	1,291.27	1,223.20
<b>Total</b>	<b>381.30</b>	<b>813.12</b>	<b>1,291.27</b>	<b>1,544.20</b>

### Assumption on working capital requirement:

We have estimated our working capital requirement based on the following holding periods:

Particulars	31-03-2019	31-03-2020	31-03-2021	31-03-2022
Sundry Debtors Holding period (Months)	1.23	1.09	1.77	1.50
Inventory Holding Period (Months)	0.14	0.27	0.73	0.50
Sundry Creditor Holding Period (Months)	0.45	0.29	0.66	0.50

### B. General Corporate Purpose

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 amount being raised by our Company through this issue, in compliance with the Chapter IX, Regulation 230 (2) of SEBI ICDR Regulations, 2018. Our Company intends to deploy the balance Net Proceeds i.e., Rs. 30.00 Lakhs, towards general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

- (i) Strategic initiatives
- (ii) brand building and strengthening of marketing activities; and
- (iii) 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 balance Net Proceeds for general corporate purposes, as mentioned above.



### C. Issue Related Expense

The expenses for this Issue include issue management fees, underwriting fees, selling commission, registrar fees, legal advisor fees, printing and distribution expenses, issue related advertisement expenses, depository charges and listing fees, statutory expenses etc. All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	Estimated Expenses (Rs. in Lakhs)	As a % of Total Issue Expenses	% of the Total Issue Size
Lead Manager Fees including other intermediaries' fees	24.00	48.98%	6.00%
Advertising and Marketing Expenses	2.50	5.10%	0.63%
Regulators Including Stock Exchanges	21.00	42.86%	5.25%
Printing and distribution of Issue Stationary	1.50	3.06%	0.38%
<b>Total</b>	<b>49.00</b>	<b>100.00%</b>	<b>12.25%</b>

#### Note:

- **ASBA Bankers:** The SCSBs will be entitled to selling commission of 0.01% (plus GST) of the amount allotted (product of the no. of equity shares allotted and the issue price) for the forms directly procured by them and uploaded on the electronic system of the stock exchange by them on the portion of Retail Individual Bidders and Non-Institutional Bidders. No other fees/commission shall be payable on the application forms directly procured by them.

*The SCSBs would be entitled to processing fees of 0.01% (plus GST) of the amount allotted (product of the no. of equity shares allotted and the issue price), for processing the application forms procured by other intermediaries and submitted to SCSBs for processing.*

- **SYNDICATE ASBA:** Other intermediaries will be entitled to procurement fees of ₹10/- (plus GST) per valid application form for the forms directly procured by them and submitted to SCSBs for processing by them on the portion of Retail Individual Bidders and Non-Institutional Bidders.
- **Issuer banks for UPI Mechanism** as registered with SEBI would be entitled to a processing fee of ₹10/- (plus GST) per valid application form made by the Retail Individual Bidders using the UPI mechanism for processing.
- *The payment towards commission and processing fees will be completed within 30 days from the date of receipt of final invoice from the respective entities.*

#### Appraisal by Appraising Fund:

None of the Objects have been appraised by any bank or financial institution or any other independent third-party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

#### Shortfall of Funds

Any shortfall in meeting the fund requirements will be met by way of internal accruals and or unsecured Loans.

#### Bridge Financing Facilities

As on the date of this draft prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement/cash credit facility with our lenders, to finance additional working capital needs until the completion of the Issue.

#### Interim Use of Proceeds

Pending utilization for the purposes described above, our Company intends to invest the funds in with scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934. Our management, in accordance with the policies established by our Board of Directors from time to time, will deploy the Net Proceeds. Further, our Board of Directors hereby undertake that full recovery of the said interim investments shall be made without any sort of delay as and when need arises for utilization of process for the objects of the issue.

**Monitoring Utilization of Funds**

As the Issue size is less than Rs. 10,000 Lakh, under the SEBI (ICDR) Regulations it is not mandatory for us to appoint a monitoring agency.

Our Board and the management will monitor the utilization of the Net Proceeds through its audit committee. Pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this draft prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

No part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, our Directors, Key Management Personnel or companies promoted by the Promoters, except as may be required in the usual course of business and for working capital requirements.

**Variation in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Initial Public Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through a postal ballot. Further, pursuant to Regulation 32 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, our Company shall on half- yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“Postal Ballot Notice”) shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such shareholders who do not agree to the above stated proposal, at a price as may be prescribed by SEBI, in this regard.

**Other Confirmations**

There are no material existing or anticipated transactions with our Promoters, our Directors, our Company’s Key Managerial Personnel, director of promoters in relation to the utilisation of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoters, our Directors or Key Managerial Personnel, director of promoters except in the normal course of business and in compliance with the applicable laws.



## BASIS FOR ISSUE PRICE

The Issue Price of ₹10/- per Equity Share has been determined by our Company, in consultation with the Lead Manager and justified by our Company, in consultation with the Lead Manager on the basis of an assessment of market demand for the Equity Shares through the Fixed Price Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Share of our Company is ₹10/- and Issue Price is ₹10/- which is at par with the face value. Investors should also refer “*Our Business*”, “*Risk Factors*” and “*Financial Statements as Restated*” beginning on page no. 83, 17 and 115 respectively, of this draft 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 price, are –

- Established and proven track record;
- Leveraging the experience of our Promoters;
- Experienced management team and a motivated and efficient work force;
- Cordial relations with our customers
- Quality Assurance & Control

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to Section titled “*Our Business*” beginning on page no. 83 of this draft prospectus.

### QUANTITATIVE FACTORS:

Our company was originally formed as a partnership firm on October 18, 2012 in the name and style of “*Safa Systems & Solutions*” and deals in Mobile phones, accessories and other electronic gadgets since incorporation. Further, the firm has been converted into a Public Limited Company in the name and style of “*Safa System & Technologies Limited*” on September 21, 2021. All the assets and liabilities of the erstwhile partnership firm was transferred to company after getting registration as required to run the business in the name of the company and duly audited on October 07, 2021.

The information presented in this section is derived from our Company’s restated financial statements prepared in accordance with Indian GAAP, the Companies Act and Restated in accordance with SEBI (ICDR) Regulations. For details, refer chapter titled “*Financial Statements as Restated*” beginning on page no 115 of this draft prospectus. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### 1. Basic & Diluted Earnings per share (EPS) as adjusted for changes in capital for last 3 years:

**Earnings Per Share:** As per the Company's restated financial information:

Particulars	Basic & Diluted EPS (Rs.)	Weight
Year ended March 31, 2019	N. A.	1
Year ended March 31, 2020	N. A.	2
Year ended March 31, 2021	N. A.	3
For the period ended October 07, 2021 ( <i>not annualised</i> )	<b>0.32</b>	

**Note:**

1. **Basic & Diluted EPS:** EPS has been calculated as PAT/Weighted average no. of shares outstanding for particular period/year in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share' issued by ICAI.
2. **Weighted average:** Aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]
3. The company was incorporated on September 21, 2021 by conversion of erstwhile partnership firm and the above data is presented from April 01, 2021 to October 07, 2021.

#### 2. Price to Earning (P/E) Ratio in relation to the Issue Price of ₹10/- per equity share of face value of Rs. 10/- each.

Particulars	P/E Ratio
P/E ratio based on the Basic & Diluted EPS for the period ended October 07, 2021 ( <i>not annualised</i> )	30.87



3. **Average Return on Net Worth (RoNW) for last 3 years:**

Particulars	RONW in %	Weight
Year ended March 31, 2019	4.38 %	1
Year ended March 31, 2020	3.70 %	2
Year ended March 31, 2021	3.48 %	3
<b>Weighted Average</b>	<b>3.70%</b>	
For the period ended October 07, 2021 ( <i>not annualised</i> )	<b>3.24%</b>	

**Weighted average:** Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e. [(Return on Net Worth x Weight) for each year] / [Total of weights]

**Note:** Net worth has been computed by aggregating share capital and reserves and surplus as per the audited restated financial information. Revaluation reserve or miscellaneous expenditure (to the extent not written off) is not considered for calculating Reserve & Surplus.

4. **Net Assets Value (NAV):**

Particulars	Amount (In Rs.)
Net Asset Value per Equity Share as of October 07, 2021	10.00
<b>Net Asset Value per Equity Share after the Issue</b>	<b>10.00</b>
<b>Issue Price per equity share</b>	<b>10.00</b>

**Note:** Net Asset Value per equity share represents "total assets less total liability (excluding deferred tax) as per the restated financial information as divided by the number of equity shares outstanding as at the end of year/period.

5. **Comparison with other listed companies/Industry peers:**

We believe that none of the listed companies in India offer products or services across the various business segments in which we operate. Hence a strict comparison is not possible.

The Company in consultation with the Lead Manager and after considering various valuation fundamentals including Book Value and other relevant factors believes that the issue price of ₹10/- per equity share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the "**Risk Factors**" beginning on page no 17 of this draft prospectus and Financials of the company as set out in the "**Financial Statements as Restated**" beginning on page no 115 of this draft prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is Rs. 10/- per share and the Issue Price is at par of the face value i.e., ₹10/- per share.



## STATEMENT OF POSSIBLE TAX BENEFITS

To,  
**The Board of Directors**  
**Safa Systems & Technologies Limited**  
(Formerly known as 'Safa Systems & Solutions')  
Behind Holdiday Inn, Door No 46/2631 B,  
Safa Arcade, Chakkaraparambu, Kaniyapilly Road,  
Vennala, Kochi 682028

Dear Sirs,

**Sub: Statement of possible Special tax benefit ('the Statement') available to Safa Systems & Technologies Limited and its shareholders prepared in accordance with the requirements under Schedule VI-Clause 9L of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (the 'Regulations')**

We hereby confirm that the enclosed annexure, prepared by "Safa Systems & Technologies Limited" (Formerly known as 'Safa Systems & Solutions', Partnership Firm) ("the Company") states the possible special tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act') as amended time to time, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the State Goods and Services Tax Act as passed by respective State Governments from where the Company operates and applicable to the Company, the Customs Act, 1962 and the Foreign Trade Policy 2015-2020, 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 for inclusion in the Draft Prospectus ("DP") for the proposed public offer of equity shares, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits. Further, these benefits are neither exhaustive nor conclusive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence 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 own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

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

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

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the DP for the proposed public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India provided that the below statement of limitation is included in the offer document.

**Limitations**

*Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.*

The enclosed Annexure is intended solely for your information and for inclusion in the Draft Prospectus or any other issue related material in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**Signed in terms of our separate report of even date.**

**For Kapish Jain & Associates,**

Chartered Accountants,

Firm Registration No: 022743N

S/d-

**Kapish Jain**

Partner

Membership No: 514162

Place: New Delhi

Date: 31 December 2021

UDIN 21514162AAAAALH2951



## **Annexure to the statement of possible Tax Benefits**

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

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

### **1. Special Tax Benefits available to the Company under the Act:**

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

### **2. Special Tax Benefits available to the shareholders of the Company**

The Shareholders of the company are not entitled to any Special tax benefits under the Act.

#### **Notes:**

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

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

**Signed in terms of our separate report of even date.**

**For Kapish Jain & Associates,**  
Chartered Accountants,  
Firm Registration No: 022743N

S/d-

**Kapish Jain**  
Partner  
Membership No: 514162

Place: New Delhi  
Date: 31 December 2021  
UDIN 21514162AAAALH2951



## SECTION VIII: ABOUT THE COMPANY AND THE INDUSTRY

### INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section is obtained or extracted from “www.ibef.org” and also extracted from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page no. 17 and 115 of this Prospectus.*

### INDIAN ECONOMY

#### Introduction

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

#### Market size

India’s gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report ‘Indian Tech Start-up’.

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

According to data from the Department of Economic Affairs, as of August 27, 2021, foreign exchange reserves in India reached US\$ 633.5 billion mark.

#### Recent Developments

With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US\$ 10.7 billion across 137 deals in August 2021, registering a 5x YoY growth. Some of the important recent developments in Indian economy are as follows:

- India’s merchandise exports between April 2021 and August 2021 were estimated at US\$ 164.10 billion (a 67.33% YoY increase). Merchandise imports between April 2021 and August 2021 were estimated at US\$ 219.63 billion (an 80.89% YoY growth).
- In August 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 52.3.
- The gross GST (Goods and Services Tax) revenue collection stood at Rs. 112,020 crore (US\$ 15.21 billion) in August 2021.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 547.2 billion between April 2000 and June 2021.
- India’s Index of Industrial Production (IIP) for July 2021 stood at 131.4 against 122.6 for June 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 3.11 in August 2021 against 3.96 in July 2021.
- Consumer Price Index (CPI) – Combined inflation was 5.30 in August 2021 against 5.59 in July 2021.
- Foreign portfolio investors (FPIs) invested US\$ 2.5 billion in India in August 2021.



## Government Initiatives

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term and long-term measures.

In the Union Budget 2021-22, capital expenditure for FY22 is likely to increase to increase by 34.5% at Rs. 5.5 lakh crore (US\$ 75.81 billion) over FY21 (BE) to boost the economy.

Increased government expenditure is expected to attract private investments, with production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.

- In September 2021, Prime Minister Mr. Narendra Modi approved the production-linked incentive (PLI) scheme in the textiles sector—for man-made fibre (MMF) apparel, MMF fabrics and 10 segments/products of technical textiles—at an estimated outlay of Rs. 10,683 crore (US\$ 1.45 billion).
- In September 2021, the government approved a production-linked incentive (PLI) scheme for automobile and drone industries with an outlay of Rs. 26,058 crore (US\$ 3.54 billion) to boost the country's manufacturing capabilities.
- In September 2021, Union Cabinet approved major reforms in the telecom sector, which is expected to boost employment, growth, competition and consumer interests. Key reforms include rationalisation of adjusted gross revenue, rationalisation of bank guarantees (BGs) and encouragement to spectrum sharing.
- In September 2021, the government announced plans to release Rs. 56,027 crore (US\$ 7.62 billion) under various export promotion schemes to boost exports.
- In August 2021, the Indian government approved Deep Ocean Mission (DOM) with a budget outlay of Rs. 4,077 crore (US\$ 553.82 million) over the next five years.
- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).
- The Union Cabinet approved the production linked incentive (PLI) scheme for white goods (air conditioners and LED lights) with a budgetary outlay of Rs. 6,238 crore (US\$ 848.96 million) and the 'National Programme on High Efficiency Solar PV (Photo Voltic) Modules' with an outlay of Rs. 4,500 crore (US\$ 612.43 million).
- In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.
- To boost the overall audit quality, transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives and large non-banks and housing finance firms.
- In May 2021, the Government of India has allocated Rs. 2,250 crore (US\$ 306.80 million) for development of the horticulture sector in 2021-22.
- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the Government are listed below:

- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.
- In August 2021, NITI Aayog and Cisco collaborated to encourage women's entrepreneurship in India.
- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US\$ 400 billion merchandise export target by FY22.



- In August 2021, Prime Minister Mr. Narendra Modi launched digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.
- In June 2021, RBI Governor, Mr. Shaktikanta Das announced the policy repo rate unchanged at 4%. He also announced various measures including Rs. 15,000 crore (US\$ 2.05 billion) liquidity support to contact-intensive sectors such as tourism and hospitality.
- In June 2021, Finance Ministers of G-7 countries, including the US, the UK, Japan, Italy, Germany, France and Canada, attained a historic contract on taxing multinational firms as per which the minimum global tax rate would be at least 15%. The move is expected to benefit India to increase foreign direct investments in the country.
- In June 2021, the Indian government signed a US\$ 32 million loan with World Bank for improving healthcare services in Mizoram.
- In May 2021, the Government of India (GoI) and European Investment Bank (EIB) signed the finance contract for second tranche of EUR 150 million (US\$ 182.30 million) for Pune Metro Rail project.
- According to an official source, as of September 15, 2021, 52 companies have filed applications under the Rs. 5,866 crore (US\$ 796.19 million) production-linked incentive scheme for the white goods (air conditioners and LED lights) sector.
- In May 2021, Union Cabinet has approved the signing of memorandum of understanding (MoU) on migration and mobility partnership between the Government of India, the United Kingdom of Great Britain and Northern Ireland.
- In April 2021, Minister for Railways and Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, launched 'DGFT Trade Facilitation' app to provide instant access to exporters/importers anytime and anywhere.
- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US\$ 110 billion by 2030.
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.

The Government of India is going to increase public health spending to 2.5% of the GDP by 2025. For implementation of Agriculture Export Policy, Government approved an outlay Rs. 2.068 billion (US\$ 29.59 million) for 2019, aimed at doubling farmers income by 2022.

### **Road Ahead**

As per the data published in a Department of Economic Affairs report, in the first quarter of FY22, India's output recorded a 20.1% YoY growth, recovering >90% of the pre-pandemic output in the first quarter of FY20. India's real gross value added (GVA) also recorded an 18.8% YoY increase in the first quarter of FY22, posting a recovery of >92% of its corresponding pre-pandemic level (in the first quarter of FY20). Also, in FY21, India recorded a current account surplus at 0.9% of the GDP. The growth in the economic recovery is due to the government's continued efforts to accelerate vaccination coverage among citizens. This also provided an optimistic outlook to further revive industrial activities.

As per RBI's revised estimates of July 2021, the real GDP growth of the country is estimated at 21.4% for the first quarter of FY22. The increase in the tax collection, along with government's budget support to states, strengthened the overall growth of the Indian economy.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from to 175 gigawatt (GW) by 2022. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.014



## **Economic survey 2020-21**

The Union Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman presented the Economic Survey 2020-21 in the Parliament on January 29, 2020. The key highlights of the Economic Survey 2020-21 are as follows:

### **Saving Lives and Livelihoods amidst a Once-in-a-Century Crisis**

- India focused on saving lives and livelihoods by its willingness to take short-term pain for long-term gain, at the onset of the COVID-19 pandemic.
- An early, intense lockdown provided a win-win strategy to save lives and preserve livelihoods via economic recovery in the medium to long-term.
- Strategy also motivated by the Nobel-Prize winning research by Hansen & Sargent (2001): a policy focused on minimizing losses in a worst-case scenario when uncertainty is very high.
- India was the only country to announce structural reforms to expand supply in the medium-long term and avoid long-term damage to productive capacities.
- Calibrated demand side policies to ensure that the accelerator is slowly pushed down only when the brakes on economic activities are being removed.
- A public investment programme centred around the National Infrastructure Pipeline to accelerate the demand push and further the recovery.
- Upturn in the economy, avoiding a second wave of infections - a sui generis case in strategic policymaking amidst a once-in-a-century pandemic.

### **Healthcare takes centre stage**

- COVID-19 pandemic emphasized the importance of healthcare sector and its inter-linkages with other sectors - showcased how a health crisis transformed into an economic and social crisis.
- National Health Mission (NHM) played a critical role in mitigating inequity as the access of the poorest to pre-natal/post-natal care and institutional deliveries increased significantly.

### **India's Economic Performance in 2020-21**

- India's real GDP to record a 11.0% growth in FY2021-22 and nominal GDP to grow by 15.4%.
- India expected to have a Current Account Surplus of 2% of GDP in FY21, a historic high after 17 years.
- India remained a preferred investment destination in FY 2020-21 with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies: ▪ Net FPI inflows recorded an all-time monthly high of US\$ 9.8 billion in November 2020, as investors' risk appetite returned.
- India was the only country among emerging markets to receive equity FII inflows in 2020.
- V-shaped recovery is underway, as demonstrated by a sustained resurgence in high frequency indicators such as power demand, e-way bills, GST collection, steel consumption, etc.
- India became the fastest country to roll-out 10 lakh vaccines in 6 days and also emerged as a leading supplier of the vaccine to neighbouring countries and Brazil.
- India adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms: Calibrated fiscal and monetary support was provided, cushioning the vulnerable in the lockdown and boosting consumption and investment while unlocking.
- A favourable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission.
- Innovation: India entered the top-50 innovating countries for the first time in 2020 since the inception of the Global Innovation Index in 2007, ranking first in Central and South Asia, and third amongst lower middle-income group economies.

### **Fiscal Developments**

- Expenditure policy in 2020-21 initially aimed at supporting the vulnerable sections but was re-oriented to boost overall demand and capital spending once the lockdown was unwound.
- Monthly GST collections have crossed the Rs. 1 lakh crore (US\$ 13.70 billion) mark consecutively for the last 3 months, reaching its highest levels in December 2020 ever since the introduction of GST.
- Reforms in tax administration have begun a process of transparency and accountability and have incentivized tax compliance by enhancing honest tax-payers' experience.



### **External Sector**

- India's forex reserves at an all-time high of US\$ 586.1 billion as on January 08, 2021.
- India experiencing a Current Account Surplus along with robust capital inflows leading to a BoP surplus since Q4 of FY2019-20.
- Balance on the capital account is buttressed by robust FDI and FPI inflows: ▪ Net FDI inflows of US\$ 27.5 billion in April-October 2020: 14.8% higher as compared to first seven months of FY2019-20.
- Net FPI inflows of US\$ 28.5 billion in April-December 2020 as against US\$ 12.3 billion in corresponding period of last year.
- India to end with an Annual Current Account Surplus after a period of 17 years.
- Net services receipts amounting to US\$ 41.7 billion remained stable in April-September 2020 as compared with US\$ 40.5 billion in corresponding period a year ago.
- Resilience of the services sector was primarily driven by software services, which accounted for 49% of total services exports.
- Net private transfer receipts, mainly representing remittances by Indians employed overseas, totalling US\$ 35.8 billion in H1: FY21.
- External debt stood at US\$ 556.2 billion at the end of September 2020, a decrease of US\$ 2.0 billion (0.4%) as compared to end-March 2020.
- RBI's interventions in forex markets ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the Rupee.
- Initiatives undertaken to promote exports: Production Linked Incentive (PLI) Scheme; Remission of Duties and Taxes on Exported Products (RoDTEP); Improvement in logistics infrastructure and digital initiatives

### **Monetary Management and Financial Intermediation**

- Accommodative monetary policy in 2020: repo rate cut by 115 basis point since March 2020.
- Systemic liquidity in FY2020-21 has remained in surplus so far. RBI undertook various conventional and unconventional measures like: Open Market Operations; Long Term Repo Operations; Targeted Long Term Repo Operations
- The monetary transmission of lower policy rates to deposit and lending rates improved in FY2020-21.
- NIFTY-50 and BSE SENSEX reached record high closing of 14,644.7 and 49,792.12 respectively on January 20, 2021.
- The recovery rate for the Scheduled Commercial Banks through IBC (since its inception) has been over 45%.

### **Prices and Inflation**

Consumer Price Index (CPI) inflation stood at 4.6% in December 2020, mainly driven by rise in food inflation (from 6.7% in 2019-20 to 9.1% in April-December 2020, owing to build up in vegetable prices).

### **Sustainable Development and Climate Change**

- India has taken several proactive steps to mainstream the SDGs into the policies, schemes, and programmes.
- Voluntary National Review (VNR) presented to the United Nations High-Level Political Forum (HLPF) on Sustainable Development.
- Localisation of SDGs is crucial to any strategy aimed at achieving the goals under the 2030 Agenda.
- Several States/UTs have created institutional structures for implementation of SDGs and also nodal mechanisms within every department and at the district levels for better coordination and convergence.
- Eight National Missions under National Action Plan on Climate Change (NAPCC) focussed on the objectives of adaptation, mitigation, and preparedness on climate risks.
- International Solar Alliance (ISA) launched two new initiatives – 'World Solar Bank' and 'One Sun One World One Grid Initiative' - poised to bring about solar energy revolution globally.

### **Performance of key sectors**

#### **Agriculture and Food Management**

- The share of Agriculture and Allied Sectors in Gross Value Added (GVA) of the country at current prices is 17.8% for the year 2019-20 (CSO-Provisional Estimates of National Income, May 29, 2020).
- Total food grain production in the country in the agriculture year 2019-20 (as per Fourth Advance Estimates), is 11.44 million tonnes more than 2018-19.
- The actual agricultural credit flow was Rs. 13,92,469.81 crore (US\$ 190.82 billion) against the target of Rs. 13,50,000 crore (US\$ 185.00 billion) in 2019-20. The target for 2020-21 was Rs. 15,00,000 crore (US\$ 205.56 billion) and a sum of Rs. 9,73,517.80 crore (US\$ 133.41 billion) was disbursed until November 30, 2020: 1.5 crore dairy farmers of milk cooperatives



and milk producer companies were targeted to provide Kisan Credit Cards (KCC) as part of Prime Minister's Aatmanirbhar Bharat Package after the budget announcement of February 2020.

- As of mid-January 2021, a total of 44,673 Kisan Credit Cards (KCCs) have been issued to fishers and fish farmers and an additional 4.04 lakh applications from fishers and fish farmers are with the banks at various stages of issuance.
- The Pradhan Mantri Fasal Bima Yojana covers over 5.5 crore farmer applications year on year Claims worth Rs. 90,000 crore (US\$ 12.33 billion) paid, as on January 12, 2021.
- Speedy claim settlement directly into the farmer accounts through Aadhar linkage
- 70 lakh farmers benefitted and claims worth Rs. 8741.30 crore (US\$ 1.20 billion) were transferred in COVID-19 lock down period.
- An amount of Rs. 18000 crore (US\$ 2.47 billion) have been deposited directly in the bank accounts of 9 crore farmer families of the country in December 2020 in the 7th instalment of financial benefit under the PM-KISAN scheme.
- Fish production reached an all-time high of 14.16 million metric tons in 2019-20: GVA by the Fisheries sector to the national economy stood at Rs. 2,12,915 crore (US\$ 29.18 billion) constituting 1.24% of the total national GVA and 7.28% of the agricultural GVA.
- Food Processing Industries (FPI) sector growing at an Average Annual Growth Rate (AAGR) of around 9.99% as compared to around 3.12% in Agriculture and 8.25% in Manufacturing at 2011-12 prices in the last 5 years ending 2018-19.
- Pradhan Mantri Garib Kalyan Anna Yojana: 80.96 crore beneficiaries were provided food grains above NFSA mandated requirement free of cost until November 2020.
- Over 200 LMT of food grains were provided amounting to a fiscal outgo of over Rs. 75000 crore (US\$ 10.28 billion).
- Aatmanirbhar Bharat Package: 5 kg per person per month for four months (May to August) to approximately 8 crores migrants (excluded under NFSA or state ration card) entailing subsidy of Rs. 3109 crores (US\$ 426.05 million) approximately.

### **Industry and Infrastructure**

- A strong V-shaped recovery of economic activity further confirmed by IIP data.
- The IIP & eight-core index further inched up to pre-COVID levels.
- The broad-based recovery in the IIP resulted in a growth of (-) 1.9% in Nov-2020 as compared to a growth of 2.1% in Nov-2019 and a nadir of (-) 57.3% in Apr-2020.
- Further improvement and firming up in industrial activities are foreseen with the Government enhancing capital expenditure, the vaccination drive, and the resolute push forward on long pending reform measures.
- Aatmanirbhar Bharat Abhiyan with a stimulus package worth 15% of India's GDP announced.
- India's rank in the Ease of Doing Business (EoDB) Index for 2019 has moved upwards to the 63rd position in 2020 from 77th in 2018 as per the Doing Business Report (DBR): India has improved its position in 7 out of 10 indicators.
- Acknowledges India as one of the top 10 improvers, the third time in a row, with an improvement of 67 ranks in three years.
- It is also the highest jump by any large country since 2011.
- FDI equity inflows were US\$ 49.98 billion in FY20 as compared to US\$ 44.37 billion in FY19: It is US\$ 30.0 billion for FY21 (up to September-2020).
- The bulk of FDI equity flow is in the non-manufacturing sector.
- Within the manufacturing sector, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, petroleum & natural gas got the bulk of FDI.
- Government has announced a Production-Linked Incentive (PLI) Scheme in the 10 key sectors under the aegis of Aatmanirbhar Bharat for enhancing India's manufacturing capabilities and exports: To be implemented by the concerned ministries with an overall expenditure estimated at Rs. 1.46 lakh crore (US\$ 20.01 billion) and with sector specific financial limits.

### **Services Sector**

- Key indicators such as Services Purchasing Managers' Index, rail freight traffic, and port traffic, are all displaying a V-shaped recovery.
- FDI inflows into India's services sector grew robustly by 34% YoY in April-September 2020 to reach US\$ 23.6 billion.
- The services sector accounts for over 54% of India's GVA and nearly four-fifths of total FDI inflow into India.
- The sector's share in GVA exceeds 50% in 15 out of 33 States and UTs and is particularly more pronounced (greater than 85%) in Delhi and Chandigarh.
- Services sector accounts for 48% of total exports, outperforming goods exports in the recent years.
- The shipping turnaround time at ports has almost halved from 4.67 days in 2010-11 to 2.62 days in 2019-20.
- The Indian start-up ecosystem has been progressing well amidst the COVID-19 pandemic, being home to 38 unicorns - adding a record number of 12 start-ups to the unicorn list last year.



- India's space sector has grown exponentially in the past six decades: Spent about US\$ 1.8 billion on space programmes in 2019-20; Space ecosystem is undergoing several policy reforms to engage private players and attract innovation and investment.

### **Social Infrastructure, Employment and Human Development**

- The combined (Centre and States) social sector expenditure as% of GDP has increased in 2020-21 compared to last year.
- India's rank in HDI 2019 was recorded at 131, out of a total 189 countries: India's GNI per capita (2017 PPP \$) has increased from US\$ 6,427 in 2018 to US\$ 6,681 in 2019; Life expectancy at birth improved from 69.4 years in 2018 to 69.7 years in 2019.
- The access to data network, electronic devices such as computer, laptop, smart phone etc. gained importance due to online learning and remote working in the pandemic.
- Major proportion of workforce engaged as regular wage/salaried in the urban sector in the period of January 2019-March 2020 (quarterly survey of PLFS).
- Government's incentive to boost employment through Aatmanirbhar Bharat Rozgar Yojana and rationalization and simplification of existing labour codes into 4 codes.
- Under PMGKP announced in March 2020, cash transfers of up to Rs. 1000 (US\$ 13.70) to existing old aged, widowed, and disabled beneficiaries under the National Social Assistance Programme (NSAP).
- An amount of Rs. 500 (US\$ 6.85) each was transferred for three months digitally into bank accounts of the women beneficiaries under PM Jan Dhan Yojana, totalling about Rs. 20.64 crore (US\$ 2.83 million).
- Free distribution of gas cylinders to about 8 crore families for three months.
- Limit of collateral free lending increased from Rs. 10 lakh (US\$ 13.70 thousand) to Rs. 20 lakh (US\$ 27.41 thousand) for 63 lakh women SHGs which would support 6.85 crore households.
- Wages under Mahatma Gandhi NREGA increased by Rs. 20 (US\$ 0.27) from Rs. 182 (US\$ 2.49) to Rs. 202 (US\$ 2.77) w.e.f. April 01, 2020.
- India's fight against COVID-19: Initial measures of lockdown, social distancing, travel advisories, practicing hand wash, wearing masks reduced the spread of the disease.
- Country also acquired self-reliance in essential medicines, hand sanitizers, protective equipment including masks, PPE Kits, ventilators, COVID-19 testing and treatment facilities.
- World's largest COVID-19 vaccination drive commenced on January 16, 2021 using two indigenously manufactured vaccines.

Note: Conversion rate used as on January 29, 2021 is Rs. 1 = US\$ 0.014

### **Facts About Indian Economy**

- As of August 27, 2021, foreign exchange reserves in India increased to US\$ 633.5 billion.
- As per the depositories data, foreign portfolio investors (FPIs) invested US\$ 2.5 billion in India in August 2021.
- In August 2021, India's merchandise exports stood at US\$ 33.28 billion (a 45.76% increase YoY).
- India's overall exports between April 2021 and August 2021 were estimated at US\$ 256.17 billion (a 44.04% YoY increase). Overall imports in April 2021 and August 2021 were estimated at US\$ 273.45 billion (a 64.18% YoY increase).
- India's merchandise exports between April 2021 and August 2021 were estimated at US\$ 164.10 billion (a 67.33% YoY increase). Merchandise imports between April 2021 and August 2021 were estimated at US\$ 219.63 billion (an 80.89% YoY growth).
- Private equity (PE) and venture capital (VC) investments stood at US\$ 10.7 billion in August 2021, driven by rising participation of investors in the e-commerce sector.
- According to the Department of Economic Affairs, India's outward foreign direct investment (OFDI) stood at US\$ 1,554.91 million in August 2021 vs. US\$ 2,213.48 million in July 2021.
- The gross GST (Goods and Services Tax) revenue collection stood at Rs. 112,020 crore (US\$ 15.21 billion) in August 2021.
- Mutual funds asset base stood at Rs. 36.09 trillion (US\$ 490.04 billion) in August 2021.
- The combined index of eight core industries stood at 134.0 in July 2021.
- India's Index of Industrial Production (IIP) for July 2021 stood at 131.4 against 122.6 for June 2021.
- Wholesale Price Index (WPI) for all commodities increased to 135.9 in August 2021 from 134.5 in July 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 3.11 in August 2021 against 3.96 in July 2021.
- Consumer Price Index (CPI) – Combined inflation was 5.30 in August 2021 against 5.59 in July 2021.

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.014



## **Union Budget 2021-22**

Presenting the first ever digital Union Budget, Union Minister of Finance and Corporate Affairs Ms. Nirmala Sitharaman stated that India's fight against COVID-19 continues into 2021 and that this moment in history, when the political, economic, and strategic relations in the post-COVID world are changing, is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.

The key highlights of the Union Budget 2021-22 are as follows:

6 pillars of the Union Budget 2021-22:

- Health and Wellbeing
- Physical & Financial Capital, and Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and R&D
- Minimum Government and Maximum Governance

### **1. Health and Wellbeing**

- Rs. 2,23,846 crore (US\$ 30.70 billion) outlay for Health and Wellbeing in BE 2021-22 as against Rs. 94,452 crore (US\$ 12.95 billion) in BE 2020-21 – an increase of 137%.
- Focus on strengthening three areas: Preventive, Curative, and Wellbeing

### **Steps being taken for improving health and wellbeing:**

#### **Vaccines**

- Rs. 35,000 crore (US\$ 4.80 billion) for COVID-19 vaccine in BE 2021-22.
- The Made-in-India Pneumococcal Vaccine to be rolled out across the country, from present 5 states – to avert 50,000 child deaths annually.

#### **Health Systems**

Rs. 64,180 crore (US\$ 8.80 billion) outlay over 6 years for PM Aatma Nirbhar Swasth Bharat Yojana – a new centrally sponsored scheme to be launched, in addition to NHM.

Main interventions under PM Aatma Nirbhar Swasth Bharat Yojana:

- National Institution for One Health.
- 17,788 rural and 11,024 urban Health and Wellness Centres.
- 4 regional National Institutes for Virology.
- 15 Health Emergency Operation Centres and 2 mobile hospitals.
- Integrated public health labs in all districts and 3382 block public health units in 11 states.
- Critical care hospital blocks in 602 districts and 12 central institutions.
- Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units.
- Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs.
- 17 new Public Health Units and strengthening of 33 existing Public Health Units.
- Regional Research Platform for WHO South-East Asia Region.
- 9 Bio-Safety Level III laboratories.

#### **Nutrition**

Mission Poshan 2.0 to be launched:

- To strengthen nutritional content, delivery, outreach, and outcome.
- Merging the Supplementary Nutrition Programme and the Poshan Abhiyan.
- Intensified strategy to be adopted to improve nutritional outcomes across 112 Aspirational Districts.

#### **Universal Coverage of Water Supply**

Rs. 2,87,000 crore (US\$ 39.36 billion) over 5 years for Jal Jeevan Mission (Urban) - to be launched with an aim to provide:

- 2.86 crore household tap connections.
- Universal water supply in all 4,378 Urban Local Bodies.
- Liquid waste management in 500 AMRUT cities.

#### **Scrapping Policy**

Voluntary vehicle scrapping policy to phase out old and unfit vehicles.

Fitness tests in automated fitness centres:

- After 20 years in case of personal vehicles.



- After 15 years in case of commercial vehicles.

## 2. Physical and Financial Capital and Infrastructure

### Production Linked Incentive scheme (PLI)

Rs. 1.97 lakh crore (US\$ 27.02 billion) in next 5 years for PLI schemes in 13 Sectors.

- To create and nurture manufacturing global champions for an AatmaNirbhar Bharat.
- To help manufacturing companies become an integral part of global supply chains, possess core competence and cutting-edge technology.
- To bring scale and size in key sectors.
- To provide jobs to the youth.

### Textiles

- Mega Investment Textiles Parks (MITRA) scheme, in addition to PLI: 7 Textile Parks to be established over 3 years.
- Textile industry to become globally competitive, attract large investments and boost employment generation & exports.

### Infrastructure

- National Infrastructure Pipeline (NIP) expanded to 7,400 projects: Around 217 projects worth Rs. 1.10 lakh crore (US\$ 15.09 billion) completed.
- Measures in three thrust areas to increase funding for NIP: Creation of institutional structures.
- Big thrust on monetizing assets.
- Enhancing the share of capital expenditure.
- Creation of institutional structures: Infrastructure Financing.
- Rs. 20,000 crore (US\$ 2.74 billion) to set up and capitalise a Development Financial Institution (DFI) – to act as a provider, enabler and catalyst for infrastructure financing.
- Rs. 5 lakh crore (US\$ 68.57 billion) lending portfolio to be created under the proposed DFI in 3 years.
- Debt Financing by Foreign Portfolio Investors to be enabled by amending InvITs' and REITs' legislations.
- Big thrust on monetizing assets.
- National Monetization Pipeline to be launched.
- Important asset monetization measures:
- 5 operational toll roads worth Rs. 5,000 crore (US\$ 685.72 million) being transferred to the NHAIInvIT.
- Transmission assets worth Rs. 7,000 crore (US\$ 960.00 million) to be transferred to the PGCILInvIT.
- Dedicated Freight Corridor assets to be monetized by Railways, for operations and maintenance, after commissioning.
- Next lot of Airports to be monetized for operations and management concession.

Other core infrastructure assets to be rolled out under the Asset Monetization Programme:

1. Oil and Gas Pipelines of GAIL, IOCL and HPCL.
2. AAI Airports in Tier II and III cities.
3. Other Railway Infrastructure Assets.
4. Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED.
5. Sports Stadiums.

Sharp Increase in Capital Budget.

- Rs. 5.54 lakh crore (US\$ 75.98 billion) capital expenditure in BE 2021-22 – sharp increase of 34.5% over Rs. 4.12 lakh crore (US\$ 56.50 billion) allocated in BE 2020-21:
- Over Rs. 2 lakh crore (US\$ 27.43 billion) to States and Autonomous Bodies for their Capital Expenditure.
- Over Rs. 44,000 crore (US\$ 6.03 billion) for the Department of Economic Affairs to provide for projects/programmes/departments exhibiting good progress on Capital Expenditure.

### Roads and Highways Infrastructure

Rs. 1,18,101 crore (US\$ 16.20 billion), highest ever outlay, for Ministry of Road Transport and Highways – of which Rs. 1,08,230 crore (US\$ 14.84 billion) is for capital.

Under the Rs. 5.35 lakh crore (US\$ 73.37 billion) Bharatmala Pariyojana, more than 13,000 km length of roads worth Rs. 3.3 lakh crore (US\$ 45.26 billion) awarded for construction:

- 3,800 km have already been constructed.
- Another 8,500 km to be awarded for construction by March 2022.
- Additional 11,000 km of national highway corridors to be completed by March 2022.



Economic corridors being planned:

- Rs. 1.03 lakh crore (US\$ 14.13 billion) outlay for 3,500 km of NHs in Tamil Nadu
- Rs. 65,000 crore (US\$ 8.91 billion) investment for 1,100 km of NHs in Kerala.
- Rs. 25,000 crore (US\$ 3.43 billion) for 675 km of NHs in West Bengal.
- Over Rs. 34,000 crore (US\$ 4.66 billion) to be allocated for 1300 km of NHs to be undertaken in next 3 years in Assam, in addition to Rs. 19,000 crore (US\$ 2.61 billion) works of NHs currently in progress in the State.

Advanced Traffic management system in all new 4 and 6-lane highways:

- Speed radars.
- Variable message signboards.
- GPS enabled recovery vans will be installed.

### **Railway Infrastructure**

- Rs. 1,10,055 crore (US\$ 15.09 billion) for Railways of which Rs. 1,07,100 crore (US\$ 14.69 billion) is for capital expenditure.
- National Rail Plan for India (2030): to create a 'future ready' Railway system by 2030
- 100% electrification of Broad-Gauge routes to be completed by December 2023.
- Broad Gauge Route Kilometres (RKM) electrification to reach 46,000 RKM, i.e. 72% by end of 2021.
- Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022, to bring down the logistic costs – enabling Make in India strategy.
- Additional initiatives proposed: The Sonnagar-Gomoh Section (263.7 km) of Eastern DFC to be taken up in PPP mode in 2021-22.

Future dedicated freight corridor projects –

- East Coast corridor from Kharagpur to Vijayawada.
- East-West Corridor from Bhusaval to Kharagpur to Dankuni.
- North-South corridor from Itarsi to Vijayawada.

Measures for passenger convenience and safety:

- Aesthetically designed Vista Dome LHB coach on tourist routes for better travel.
- High density network and highly utilized network routes to have an indigenously developed automatic train protection system, eliminating train collision due to human error.

### **Urban Infrastructure**

Raising the share of public transport in urban areas by expansion of metro rail network and augmentation of city bus service. Rs. 18,000 crore (US\$ 2.47 billion) for a new scheme, to augment public bus transport:

- Innovative PPP models to run more than 20,000 buses.
- To boost automobile sector, provide fillip to economic growth, create employment opportunities for our youth.

A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities.

'MetroLite' and 'MetroNeo' technologies to provide metro rail systems at much lesser cost with similar experience in Tier-2 cities and peripheral areas of Tier-1 cities.

### **Power Infrastructure**

- 139 Giga Watts of installed capacity and 1.41 lakh circuit km of transmission lines added, and additional 2.8 crore households connected in past 6 years.
- Consumers to have alternatives to choose the Distribution Company for enhancing competitiveness.
- Rs. 3,05,984 crore over 5 years for a revamped, reforms-based, and result-linked new power distribution sector scheme.
- A comprehensive National Hydrogen Energy Mission 2021-22 to be launched.

### **Ports, Shipping, Waterways**

- Rs. 2,000 crore (US\$ 274.29 million) worth 7 projects to be offered in PPP-mode in FY21-22 for operation of major ports.
- Indian shipping companies to get Rs. 1624 crore (US\$ 222.72 million) worth subsidy support over 5 years in global tenders of Ministries and CPSEs.
- To double the recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) by 2024; to generate an additional 1.5 lakh jobs.



### **Petroleum & Natural Gas**

- Extension of Ujjwala Scheme to cover 1 crore more beneficiaries.
- To add 100 more districts to the City Gas Distribution network in next 3 years.
- A new gas pipeline project in J&K.

### **Financial Capital**

- A single Securities Markets Code to be evolved.
- Support for development of a world class Fin-Tech hub at the GIFT-IFSC.
- A new permanent institutional framework to help in development of Bond market by purchasing investment grade debt securities both in stressed and normal times.
- Setting up a system of Regulated Gold Exchanges: SEBI to be notified as a regulator and Warehousing Development and Regulatory Authority to be strengthened.
- Capital infusion of Rs. 1,000 crore (US\$ 137.14 million) to Solar Energy Corporation of India and Rs. 1,500 crore (US\$ 205.71 million) to Indian Renewable Energy Development Agency.

### **Increasing FDI in Insurance Sector**

- To increase the permissible FDI limit from 49% to 74% and allow foreign ownership and control with safeguards.

### **Recapitalization of PSBs**

- Rs. 20,000 crore (US\$ 2.74 billion) in 2021-22 to further consolidate the financial capacity of PSBs.

### **Inclusive Development for Aspirational India**

#### **Agriculture**

- Ensured MSP at minimum 1.5 times the cost of production across all commodities.
- SWAMITVA Scheme to be extended to all States/UTs, 1.80 lakh property-owners in 1,241 villages have already been provided cards.
- Agricultural credit target enhanced to Rs. 16.5 lakh crore (US\$ 226.29 billion) in FY22 - animal husbandry, dairy, and fisheries to be the focus areas.
- Rural Infrastructure Development Fund to be enhanced to Rs. 40,000 crore (US\$ 5.49 billion) from Rs. 30,000 crore (US\$ 4.11 billion).
- To double the Micro Irrigation Fund to Rs. 10,000 crore (US\$ 1.37 billion).
- Operation Green Scheme' to be extended to 22 perishable products, to boost value addition in agriculture and allied products.
- Around 1.68 crore farmers registered and Rs. 1.14 lakh crore (US\$ 15.63 billion) of trade value carried out through e-NAMs; 1,000 more mandis to be integrated with e-NAM to bring transparency and competitiveness.

#### **Fisheries**

- Investments to develop modern fishing harbours and fish landing centres – both marine and inland.
- 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat to be developed as hubs of economic activity.
- Multipurpose Seaweed Park in Tamil Nadu to promote seaweed cultivation.

#### **Migrant Workers and Labourers**

- One Nation One Ration Card scheme for beneficiaries to claim rations anywhere in the country - migrant workers to benefit the most. ▪ Scheme implementation so far covered 86% of beneficiaries across 32 States and Uts, Remaining 4 states to be integrated in next few months.
- Portal to collect information on unorganized labour force, migrant workers especially, to help formulate schemes for them.
- Implementation of 4 labour codes underway.
- Social security benefits for gig and platform workers too.
- Minimum wages and coverage under the Employees State Insurance Corporation applicable for all categories of workers.
- Women workers allowed in all categories, including nightshifts with adequate protection.
- Compliance burden on employers reduced with single registration and licensing, and online returns.



### **Financial Inclusion**

Under Stand Up India Scheme for SCs, STs and women,

- Margin money requirement reduced to 15%.
- To also include loans for allied agricultural activities.

Rs. 15,700 crore budget allocation to MSME Sector, more than double of this year's BE.

### **Reinvigorating Human Capital**

#### **School Education**

- 15,000 schools to be strengthened by implementing all NEP components. Shall act as exemplar schools in their regions for mentoring others.
- 100 new Sainik Schools to be set up in partnership with NGOs/private schools/states.

#### **Higher Education**

Creation of formal umbrella structure to cover all Govt. colleges, universities, research institutions in a city for greater synergy.

- Glue grant to implement the same across 9 cities.
- Central University to come up in Leh for accessibility of higher education in Ladakh.

#### **Skilling**

Rs. 3000 crore for realignment of existing National Apprenticeship Training Scheme (NATS) towards post-education apprenticeship, training of graduates and diploma holders in Engineering.

Initiatives for partnership with other countries in skilling to be taken forward, like partnership:

- With UAE to benchmark skill qualifications, assessment, certification, and deployment of certified workforce.
- With Japan for a collaborative Training Inter Training Programme (TITP) to transfer of skills, technique, and knowledge.

#### **Innovation and R&D**

National Language Translation Mission (NTLM) to make governance-and-policy related knowledge available in major Indian languages.

- PSLV-CS51 to be launched by New Space India Limited (NSIL) carrying Brazil's Amazonia Satellite and some Indian satellites.

As part of the Gaganyaan mission activities:

- 4 Indian astronauts being trained on Generic Space Flight aspects, in Russia
- First unmanned launch is slated for December 2021.

Rs. 4,000 crore over five years for Deep Ocean Mission survey exploration and conservation of deep-sea biodiversity.

#### **Minimum Government, Maximum Governance**

- Rs. 3,768 crore allocated for first digital census in the history of India.
- Rs. 300 crore grant to the Government of Goa for the diamond jubilee celebrations of the state's liberation from Portuguese.
- Rs. 1,000 crore for the welfare of Tea workers especially women and their children in Assam and West Bengal through a special scheme.

#### **Fiscal Position**

• RE for Expenditure is Rs. 34.50 lakh crore (US\$ 473.14 billion) as against original BE expenditure of Rs. 30.42 lakh crore (US\$ 417.19 billion).

• Quality of expenditure has been maintained as Capital Expenditure estimated as per RE is Rs. 4.39 lakh crore (US\$ 60.21 billion) in 2020-2021 as against Rs. 4.12 lakh crore (US\$ 56.50 billion) in BE 2020-21. - Estimates of Rs. 34.83 lakh crore (US\$ 477.67 billion) BE for expenditure in 2021-2022 including Rs. 5.5 lakh crore (US\$ 75.43 billion) as capital expenditure, an increase of 34.5% to give required push to economy.

#### **Direct Taxes**

##### **Achievements**

- Corporate tax rate slashed to make it among the lowest in the world.
- Burden of taxation on small taxpayers eased by increasing rebates.
- Return filers almost doubled to 6.48 crore in 2020 from 3.31 crore in 2014.
- Faceless Assessment and Faceless Appeal introduced.

##### **Relief to Senior Citizens**

Exemption from filing tax returns for senior citizens over 75 years of age and having only pension and interest income; tax to be deducted by paying bank.



### **Reducing Disputes, Simplifying Settlement**

- Time limit for re-opening cases reduced to 3 years from 6 years.
- National Faceless Income Tax Appellate Tribunal Centre to be established.

### **Relaxation to NRIs**

Rules to be notified for removing hardships faced by NRIs regarding their foreign retirement accounts.

### **Incentivising Digital Economy**

Limit of turnover for tax audit increased to Rs. 10 crore (US\$ 1.37 million) from Rs. 5 crore (US\$ 685.72 thousand) for entities carrying out 95% transactions digitally.

### **Relief for Dividend**

- Dividend payment to REIT/ InvIT exempt from TDS.
- Advance tax liability on dividend income only after declaration/ payment of dividend.
- Deduction of tax on dividend income at lower treaty rate for Foreign Portfolio Investors.

### **Attracting Foreign Investment for Infrastructure**

- Infrastructure Debt Funds made eligible to raise funds by issuing Zero Coupon Bonds.
- Relaxation of some conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment.

### **Supporting 'Housing for All'**

- Additional deduction of interest, up to Rs. 1.5 lakh (US\$ 2.06 thousand), for loan taken to buy an affordable house extended for loans taken till March 2022.
- Tax holiday for Affordable Housing projects extended till March 2022.
- Tax exemption allowed for notified Affordable Rental Housing Projects.

### **Tax incentives to IFSC in GIFT City**

- Tax holiday for capital gains from incomes of aircraft leasing companies.
- Tax exemptions for aircraft lease rentals paid to foreign lessors.
- Tax incentive for relocating foreign funds in the IFSC.
- Tax exemption to investment division of foreign banks located in IFSC.

### **Ease of Filing Taxes**

Details of capital gains from listed securities, dividend income, interest from banks, etc. to be pre-filled in returns.

### **Relief to Small Trusts**

Exemption limit of annual receipt revised from Rs. 1 crore (US\$ 137.14 thousand) to Rs. 5 crore (US\$ 685.72 thousand) for small charitable trusts running schools and hospitals.

### **Electronic and Mobile Phone Industry**

- Some exemptions on parts of chargers and sub-parts of mobiles withdrawn
- Duty on some parts of mobiles revised to 2.5% from 'nil' rate.

### **Iron and Steel**

- Customs duty reduced uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- Duty on steel scrap exempted up to March 31, 2022.
- Anti-Dumping Duty (ADD) and Counter-Veiling Duty (CVD) revoked on certain steel products.
- Duty on copper scrap reduced from 5% to 2.5%.

### **Textiles**

- Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%.

### **Chemicals**

- Calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions.
- Duty on Naptha reduced to 2.5%.

### **Renewable Energy**

- Phased manufacturing plan for solar cells and solar panels to be notified.
- Duty on solar invertors raised from 5% to 20%, and on solar lanterns from 5% to 15% to encourage domestic production.



### Capital Equipment

- Tunnel boring machine to now attract a customs duty of 7.5%; and its parts a duty of 2.5%.
- Duty on certain auto parts increased to general rate of 15%.

### MSME Products

- Duty on steel screws and plastic builder wares increased to 15%.
- Prawn feed to attract customs duty of 15% from earlier rate of 5%.
- Exemption on import of duty-free items rationalized to incentivize exporters of garments, leather, and handicraft items.
- Exemption on imports of certain kind of leathers withdrawn.
- Customs duty on finished synthetic gemstones raised to encourage domestic processing.

### Agriculture Products

- Customs duty on cotton increased from nil to 10% and on raw silk and silk yarn from 10% to 15%.
- Withdrawal of end-use based concession on denatured ethyl alcohol.
- Agriculture Infrastructure and Development Cess (AIDC) on a small number of items.

### Rationalization of Procedures and Easing of Compliance

- Turant Customs initiative, a Faceless, Paperless, and Contactless Customs measures.
- New procedure for administration of Rules of Origin.

### Achievements and Milestones during the COVID-19 pandemic

Pradhan Mantri Garib Kalyan Yojana (PMGKY):

- Valued at Rs. 2.76 lakh crore (US\$ 37.85 billion).
- Free food grain to 80 crore people.
- Free cooking gas for 8 crore families.
- Direct cash to over 40 crore farmers, women, elderly, the poor and the needy.

AatmaNirbhar Bharat package (ANB 1.0):

- Estimated at Rs. 23 lakh crore (US\$ 315.43 billion) – more than 10% of GDP.

PMGKY, three ANB packages (ANB 1.0, 2.0, and 3.0), and announcements made later were like 5 minibudgets in themselves. Rs. 27.1 lakh crore worth of financial impact of all three ANB packages including RBI's measures – amounting to more than 13% of GDP.

Structural reforms:

- One Nation One Ration Card.
- Agriculture and Labour Reforms.
- Redefinition of MSMEs.
- Commercialisation of the Mineral Sector.
- Privatisation of Public Sector Undertakings.
- Production Linked Incentive Schemes.

Status of India's fight against COVID-19:

- 2 Made-in-India vaccines – medically safeguarding citizens of India and those of 100-plus countries against COVID-19.
- 2 or more new vaccines expected soon.
- Lowest death rate per million and the lowest active cases.

Note: Conversion rate used as on February 1, 2021 is Rs. 1 = US\$ 0.014

### Government Schemes

Various operational schemes of the Government of India are listed below:

- |                               |                                    |                                      |
|-------------------------------|------------------------------------|--------------------------------------|
| ➤ Atmanirbhar Bharat Abhiyaan | ➤ Atal Pension Yojana              | ➤ Ayushman Bharat                    |
| ➤ Beti Bachao Beti Padhao     | ➤ Bhartiya Janaushadhi Pariyojana  | ➤ Digital India                      |
| ➤ Fasal Bima Yojana           | ➤ Garib Kalyan Yojana              | ➤ Gold Monetization Scheme           |
| ➤ Jan Dhan Yojana             | ➤ Jeevan Jyoti Bima Yojana         | ➤ Kaushal Vikas Yojana               |
| ➤ Kisan Vikas Patra           | ➤ Krishi Sinchayee Yojana          | ➤ Pradhan Mantri Awaas Yojana        |
| ➤ Matsya Sampada Yojana       | ➤ Mission Poshan                   | ➤ Mission Shakti                     |
| ➤ Mudra Yojana                | ➤ National Mission For Clean Ganga | ➤ National Water Mission Skill India |
| ➤ Smart Cities Mission        | ➤ Stand Up India                   | ➤ Swachh Bharat Mission              |
| ➤ Ujala Yojana                | ➤ Ujjwala Yojana                   | ➤ Ujwal Discom Assurance Yojana      |



## **Make in India**

Make in India is a major national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India. The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

"I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. Go and sell in any country of the world, but manufacture here. We have skill, talent, discipline and the desire to do something. We want to give the world an opportunity that come make in India," Prime Minister of India, Mr Narendra Modi said while introducing the programme in his maiden Independence Day speech from the ramparts of the Red Fort on August 15, 2014. The initiative was formally introduced on September 25, 2014 by Mr Modi at Vigyan Bhawan, New Delhi, in the presence of business giants from India.

The focus of Make in India programme is on 25 sectors. These include: automobiles, automobile components, aviation, biotechnology, chemicals, construction, defence manufacturing electrical machinery, electronic systems, food processing, IT & BPM, leather, media and entertainment, mining, oil and gas, pharmaceuticals, ports and shipping, railways, renewable energy, roads and highways, space, textile and garments, thermal power, tourism and hospitality and wellness.

The dedicated website for this initiative ([www.makeinindia.com](http://www.makeinindia.com)) not only showcases the 25 sectors but also puts focus on opportunities, policies and Ease of Doing Business. The Investor Desk is an integral part of this website, which aims at providing all information/data analysis to investors across sectors.

## **Foreign Direct Investment (FDI)**

### **Introduction**

Apart from being a critical driver of economic growth, Foreign Direct Investment (FDI) has been a major non-debt financial resource for the economic development of India. Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges like tax exemptions, etc. For a country where foreign investment is being made, it also means achieving technical know-how and generating employment. The Indian Government's favourable policy regime and robust business environment has ensured that foreign capital keeps flowing into the country. The Government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defence, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others.

### **Market size**

- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 547.2 billion between April 2000 and June 2021, indicating that the government's efforts to improve ease of doing business and relaxing FDI norms have yield results.
- FDI equity inflow in India stood at US\$ 17.56 billion between April 2021 and June 2021. Data between April 2021 and June 2021 indicates that the automobile sector attracted the highest FDI equity inflow of US\$ 4.66 billion, followed by computer software & hardware sector (US\$ 3.06 billion), services sector (US\$ 1.89 billion) and metallurgical industries (US\$ 1.26 billion).
- Between April 2021 and June 2021, India recorded the highest FDI equity inflow from Singapore (US\$ 3.31 billion), followed by Mauritius (US\$ 3.29 billion), the US (US\$ 1.95 billion), Cayman Islands (US\$ 1.32 billion), the Netherlands (US\$ 1.09 billion), Japan (US\$ 539 million) and the UK (US\$ 345 million).
- In the same period, Karnataka registered the highest FDI equity inflow of US\$ 8.45 billion, followed by Maharashtra (US\$ 4.09 billion), Delhi (US\$ 1.95 billion) and Gujarat (US\$ 765 million).

### **Investments/Developments**

Some of the significant FDI announcements made recently are as follows:

- In August 2021, Copenhagen Infrastructure Partners (CIP) announced to invest US\$ 100 million in Amp Energy India Pvt. Ltd. to expand in the renewable energy market in India.
- In July 2021, FedEx Express announced an investment of US\$ 100 million in Delhivery, an Indian logistics start-up, to expand in the country.
- In July 2021, Ascendas India Trust, Singapore-based developer of IT and logistics parks, announced to invest an estimated Rs. 1,200 crore (US\$ 162.78 million) to build the first phase of its first data centre project in the country.
- In July 2021, Swiggy raised funds worth US\$ 1.25 billion from foreign investors including SoftBank's Vision Fund 2 and Prosus (a tech investor), which took the entire company's valuation to US\$ 5.5 billion.



- In June 2021, Urban Company, a home services marketplace, announced that it has raised ~Rs. 1,857 crore (US\$ 255 million) in a fund raiser round led by Wellington Management, Prosus Ventures and Dragoneer.
- In April 2021, Amazon India launched the US\$ 250 million 'Amazon Smbhav Venture Fund' for Indian start-ups and entrepreneurs to boost technology innovations in the areas of digitisation, agriculture and healthcare.
- In November 2020, Rs. 2,480 crore (US\$ 337.53 million) foreign direct investment (FDI) in ATC Telecom Infra Pvt Ltd. was approved by the Union Cabinet.
- In November 2020, Amazon Web Services (AWS) announced to invest US\$ 2.77 billion (Rs. 20,761 crore) in Telangana to set up multiple data centres; this is the largest FDI in the history of the state.
- Since April 2020, the government has received over 120 foreign direct investment (FDI) proposals worth ~Rs. 12,000 crore (US\$ 1.63 billion) from China. Between April 2000 and September 2020, India received US\$ 2.43 billion FDI from China.
- According to the Department of Economic Affairs, India's outward foreign direct investment (OFDI) stood at US\$ 1,554.91 million in August 2021 vs. US\$ 2,213.48 million in July 2021.
- In May 2021, Ernst & Young (EY) ranked India as the most attractive solar markets for PV investments and deployments.

### Government Initiatives

- In September 2021, India and the UK agreed for an investment boost to strengthen bilateral ties for an 'Enhanced Trade Partnership'.
- In June 2021, the Finance Ministers of G-7 countries including the US, the UK, Japan, Italy, Germany, France and Canada attained a historic contract on taxing multinational firms; under this, the minimum global tax rate would be at least 15%. The move is expected to further boost foreign direct investments in the country.
- In September 2021, the Union Cabinet announced to allow 100% foreign direct investment (FDI) via the automatic route, from the previous 49% in the telecom sector in India, to boost the sector.
- In August 2021, the government amended the Foreign Exchange Management (non-debt instruments) Rules, 2019, to allow the 74% increase in foreign direct investment limit in the insurance sector.
- In May 2021, the Finance Ministry notified the final rules for foreign investment limit (74%) in the insurance sector. This is expected to benefit 23 private life insurers, 21 private non-life insurers and seven specialised private health insurance firms.
- In March 2021, Mr. Shripad Naik, the Minister of State for Defence, stated that a total of 44 Indian companies, including public sector units, have received approvals related to FDI for joint production of defence items with foreign organisations.
- In December 2020, the government of Uttar Pradesh agreed to provide Samsung Display Noida Private Limited with special incentives to set up a mobile and IT display product manufacturing unit. Under the Central Government's scheme for promotion of manufacturing electronic components and semiconductors (SPECS), Samsung will also receive a financial incentive of Rs. 460 crore (US\$ 62.61 million). This project will develop a global export hub in Uttar Pradesh and will help the state attract more foreign direct investments (FDI).
- In December 2020, changes in the guidelines for the provision of Direct-to-Home (DTH) services have been approved by the Union Cabinet, enabling 100% FDI in the DTH broadcasting services market.

### Road ahead

- India is expected to attract foreign direct investments (FDI) of US\$ 120-160 billion per year by 2025, according to CII and EY report. Over the past 10 years, the country witnessed a 6.8% rise in GDP with FDI increasing to GDP at 1.8%.
- In terms of attractiveness, investors ranked India #3; ~80% investors have plans to invest in India in the next 2-3 years, while ~25% reported investments worth >US\$ 500 million, the Economic Times reported.
- Further, as per a Deloitte report published in September 2021, India remains an attractive market for international investors both in terms of short-term and long-term prospects.
- India ranked 43rd on the Institute for Management Development (IMD)'s annual World Competitiveness Index 2021. According to the IMD, India's developments in government efficiency are primarily due to relatively stable public finances (despite COVID-19-induced challenges) and optimistic sentiments among Indian business stakeholders with respect to the funding and subsidies offered by the government to private firms.

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.014

References: Media Reports, Press Releases, Press Information Bureau, Press Trust of India, RBI, Department for Promotion of Industry and Internal Trade (DPIIT)

### Latest developments

The Indian economy registered a V-shaped recovery as indicated by the provisional gross domestic product (GDP) estimates. As per the estimates, in the first quarter of FY22, India's output registered a 20.1% YoY growth, recovering >90% of the pre-pandemic output in the first quarter of FY20. India's real GVA also registered an 18.8% YoY growth in the first quarter of FY22, posting a recovery of >92% of its corresponding pre-pandemic level (in the first quarter of FY20). Also, in FY21, India registered a current account surplus at 0.9% of the GDP. The economic recovery is driven by the government's sustained



efforts to accelerate vaccination coverage among citizens. This also provided a positive outlook to further revive industrial activities. As of September 8, 2021, vaccination coverage stood at >60% of the adult population.

- The Indian government's policy push to accelerate growth via infrastructure spending and capex has improved capital formation in the economy and therefore, boosted the investment to GDP ratio to ~32% in the fourth quarter of FY21.
- In August 2021, the following key frequency indicators highlighted improved performances:
- As per the 'Fourth Advance Estimate' of principal crops, food grain production in India is estimated at 308.65 million tonnes in FY21, an increase of 11.14 million tonnes as compared with FY20.
- In the ongoing Kharif Marketing Season (KMS), the procurement operations with MSP value of Rs. 164,951.77 crore (US\$ 22.40 billion) have benefitted ~129.03 lakh farmers.
- In August 2021, monthly sales of fertilisers stood at 69.4 LMT, closely equivalent to previous year levels.
- In August 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 52.3.
- PMI services recorded a significant rebound in August 2021 at 56.7, an 18-months high to reach expansionary zone after three months. The substantial recovery over July 2021 is attributed to the rapid coverage of vaccination in India.
- Power consumption increased by 17.1% YoY in August 2021, indicating resumption of industrial and commercial activities, backed by gradual easing of lockdown restrictions with gradual ebbing of the second wave.
- In June 2021, the overall IIP (Index of Industrial Production) registered a 13.6% growth, driven by a solid and favourable base effect.
- In July 2021, eight sectors output index increased by 9.4% YoY, indicating resumption of economic activities.
- At key ports, port traffic stood at 55.04 million tonnes in July 2021, increasing by 7% YoY.
- In August 2021, rail freight loading stood at 110.55 MT, registering an increase of 16.9% YoY.
- In August 2021, the total e-way bills generated stood at 6.6 crore, an increase of 33% YoY. The generated e-way bills were worth Rs. 19.04 lakh crore (US\$ 258.53 billion) in August 2021, a growth of 37.4% YoY.
- In August 2021, UPI transactions were valued at Rs. 6.39 lakh crore (US\$ 86.77 billion), as compared with Rs. 6.06 lakh crore (US\$ 82.28 billion) in July 2021. In terms of volume, UPI transactions stood at 355.5 crore in August 2021, as compared with 324 crore in July 2021.
- In August 2021, the Indian basket of crude oil reached US\$ 70.2 a barrel, compared with the average crude oil price of US\$ 73.5 a barrel in July 2021, due to demand build-up.
- In August 2021, merchandise exports increased to US\$ 33.1 billion (at 45.2% YoY growth), compared with US\$ 22.8 billion in August 2020, driven by strong performance from key sectors such as non-petroleum products and non-gems and jewellery products.
- In July 2021, the net assets under management (AUM) of mutual funds reached Rs. 35.32 lakh crore (US\$ 479.59 billion), as compared with Rs. 33.67 lakh crore (US\$ 457.18 billion) in June 2021.
- In August 2021, there was surplus liquidity in the system, with an average daily net absorption under the LAF (liquidity adjustment facility) at Rs. 8.5 lakh crore (US\$ 115.42 billion), as against Rs. 6.8 lakh crore (US\$ 92.33 billion) in July 2021.
- As of August 27, 2021, reserve money increased by 15.21% YoY, driven by rise in bankers' deposits with the RBI.
- As of August 27, 2021, currency in circulation (CiC) registered an increase of 9.82% YoY.
- In August 2021, Foreign Portfolio Investment (FPI) inflows in the country stood at US\$ 2.5 billion.
- Rupee strengthened to reach Rs. 73.01/US\$ 1, as of August 31, 2021, and registered the highest growth in two-and-a-half months.
- In the first quarter of FY22, gross foreign direct investment (FDI) inflows in India stood at US\$ 22.5 billion, as compared with US\$ 11.8 billion in the first quarter of FY21.
- As of August 27, 2021, foreign exchange reserves in India reached US\$ 633.5 billion mark.
- In the fortnight ending August 13, 2021, the overall non-food credit growth increased to 6.61% YoY, as compared with 5.48% growth in the same period last year.
- In the fortnight ending August 13, 2021, the overall bank credit growth increased to 6.55% YoY, as compared with 5.52% growth in the same period last year.
- Between April 2021 and July 2021, the central government finances registered improved performances. In the review period, the corporation tax recorded 171.5% YoY growth and the personal income tax exhibited 76.7% YoY growth. Between April 2021 and July 2021, custom revenue collection registered 144% YoY growth, and the GST collection to the Centre increased by 60% YoY, primarily due to recovery of economic activities. The net tax revenue stood at Rs. 5.29 lakh crore (US\$ 71.83 billion), registering a 2.5X growth as compared with the same period last year. In the first quarter of FY22, the non-tax revenue registered a 468.6% growth over the same period last year, mainly due to the RBI's surplus transfer of funds worth Rs. 0.99 lakh crore (US\$ 13.44 billion) to the government.



- A broad-based recovery in key macroeconomic indicators in July 2021 and August 2021 provide optimistic prospects for India's sustained economic recovery. For the next three quarters of FY22, India is likely to rebound even faster due to proactive efforts of the Indian government and RBI to boost the economy. Accelerated vaccination coverage across the country and revived industrial activities provide confidence to investors for a sustained economic growth in the country.

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.014

## CONSUMER DURABLES INDUSTRY REPORT

### INTRODUCTION

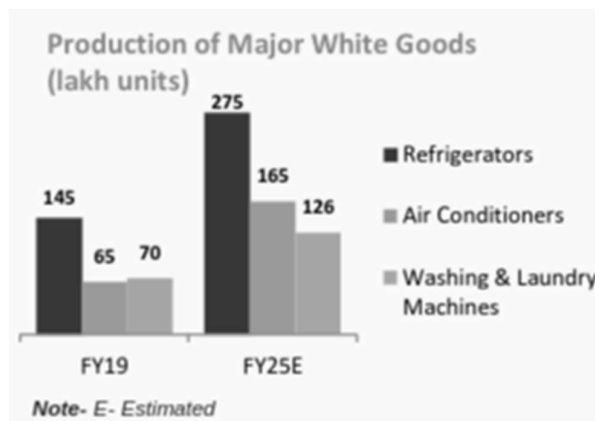
Indian consumer durables market is one of the largest and fastest growing segments within India's consumer market. The market comprises of a huge middle class (urban and rural), relatively large affluent class and a small economically disadvantaged class. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable income.

Consumer durables consists of two main categories: home and household appliances, and consumer electronics. Major and small appliances, like refrigerators, washing machines, and microwave ovens, vacuum cleaners and fans, are broadly classified as home appliances. Consumer electronics includes television sets, radios, personal computers and sometimes mobile phones and other electronic devices, like tablets, wearable devices, etc.

Source: (<https://bitly.co/9mDZ>)

Consumer durables can be broadly categorized into the following 3 heads:

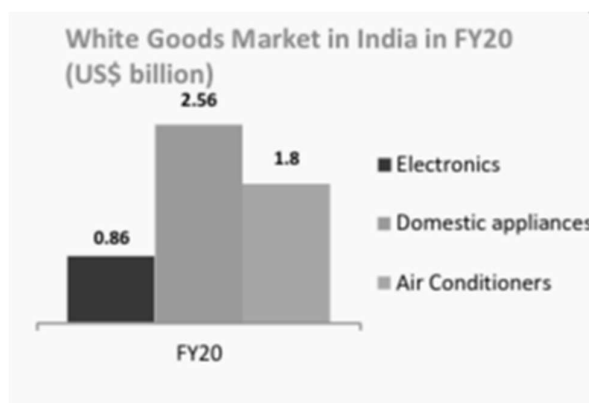
- White Goods: White goods mainly include air conditioners, refrigerators, washing machines, audio equipment and speakers.
- Brown Goods: This kind of consumer durables mostly include kitchen appliances like chimneys, electric fans, grinders, iron, microwave ovens, mixers and varied other cooking ranges.
- Consumer Electronics: Some commonly used consumer electronic goods are DVD players, MP3 players, mobile telephones, telephones, VCD players, etc.



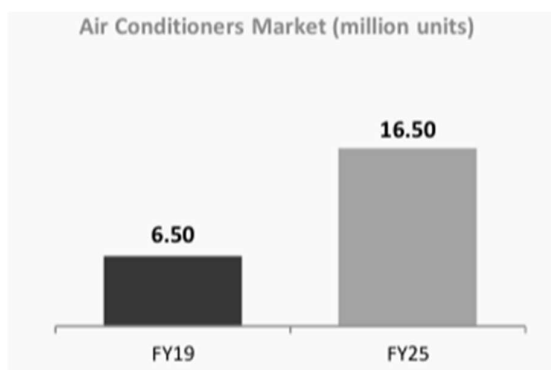
With the continuous rise of disposable income and technological sophistication, the demand for a variety of consumer durables goods is increasing. This in turn is encouraging strong competition among the different consumer durables brands operating in India. The rural and urban markets for consumer durables have been growing at a rate of around 15% on an average.

When a new product is introduced, initially a small fraction of the population will purchase it, gradually its potential consumer base will grow and continue till all potential buyers have it. This leads to the diffusion of durables. Some durables become outdated which are no longer in demand due to availability of better substitutes.

The demand for refrigerators, washing machines, water heaters, vacuum cleaners, etc. are restricted to higher income groups. Unit price and demand for these durables show no significant variation.

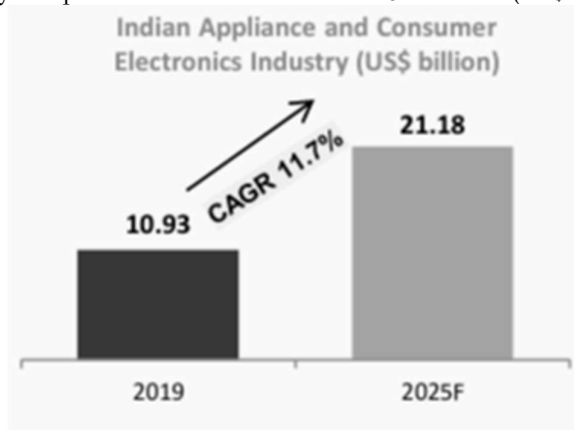


- **Growing demand:** The headset market revenue in India is projected to reach >US\$ 77 million by 2027 at a CAGR of 4.7%, driven by rising adoption of wireless headsets among consumers.
- **Increasing Investments:** The S&P BSE Consumer Durables Index rose 1.58% in May 2021 and stood at 78.40% higher over the last year. The government plans to significantly invest in rural electrification and affordable housing schemes. Between April 2000 and June 2021, electronic goods attracted FDI inflows of US\$ 3.2 billion.
- **Policy support:** In July 2021, the government approved 14 companies under the production linked incentive (PLI) scheme for IT hardware. Over the next four years, these companies are expected to fuel total production of >US\$ 21.64 billion.
- **Opportunities:** Tech players are focusing on tapping the Indian consumer electronics market, developing electronic components manufacturing base in India and encouraging export. Consumer electronics brands are focusing on expansion in the Indian smart wearables market.



### OVERVIEW AND PROJECTIONS

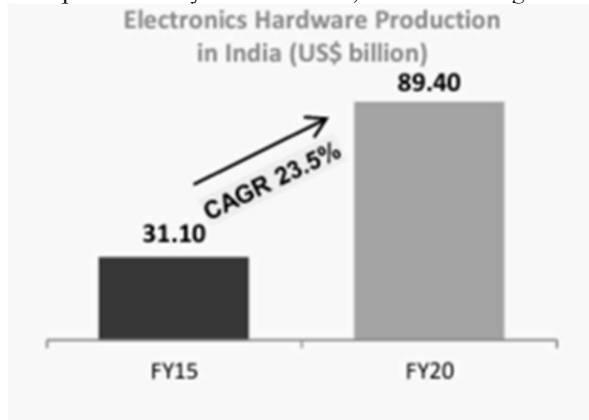
Indian appliance and consumer electronics (ACE) market reached Rs.76,400 crores (US\$ 10.93 billion) in 2019. Appliances and consumer electronics industry is expected to double to reach Rs.1.48 lakh crore (US\$ 21.18 billion) by 2025.



According to Retailers Association of India (RAI), sales of consumer electronics and appliances in the third quarter of FY21 increased by 23.5%, as compared with same period in the last fiscal year. Electronics hardware production in the country increased from Rs.4.43 trillion (US\$ 72.38 billion) in FY19 to Rs.5.47 trillion (US\$ 89.38 billion) in FY20. Demand for

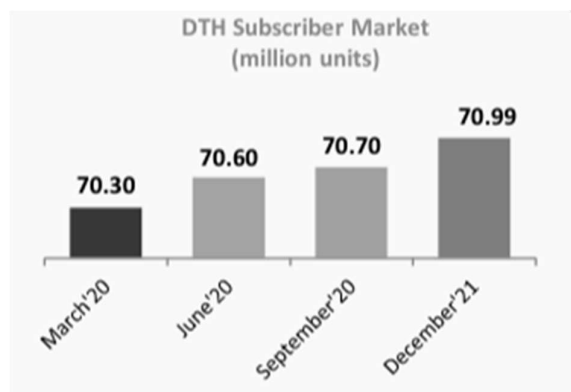


electronics hardware in India is expected to reach US\$ 400 billion by FY24. The 'National Policy on Electronics 2019' is targeting production of one billion mobile handsets valued at US\$ 190 billion by 2025, out of which 600 million handsets valued at US\$ 100 billion are likely to be exported. In 2020, the Indian government targeted China with new restrictions on colour television and mobile phones. According to a report by Care Ratings, consumer electronics and appliances manufacturers are set to increase their production by 5-8% in FY22, after witnessing a contraction in demand in FY21.



- India's consumer digital economy is projected to reach US\$ 800 billion by 2030, from US\$ 85-90 billion in CY20, driven by increase in online shopping.
- The headset market revenue in India is projected to reach >US\$ 77 million by 2027 at a CAGR of 4.7%, driven by rising adoption of wireless headsets among consumers.
- The dishwasher market in India is expected to surpass US\$ 90 million by 2025-26, driven by rising demand from metro cities such as Mumbai, Hyderabad, Delhi and Bangalore.
- In the second quarter of 2021, smart TV shipments from India climbed by 65% YoY, owing to increased expansion activities adopted by original equipment manufacturers (OEMs) for their smart TV portfolios.

In FY20, TV penetration in India stood at 69%, driven by the DTH market. The DTH industry is expected to witness a growth of up to 6% to Rs.22,000 crore (US\$ 2.9 billion) in FY21 while the total count of DTH subscribers in the country stood at 70.99 million in the country by December 2020. In October 2020, television manufacturers such as Samsung, LG and Sony have been granted licences by the government to import finished TV sets into India. As of FY20, electronics, domestic appliances and air conditioner market in India were estimated to be around Rs.5,976 Crores (US\$ 0.86 billion), Rs. 17,873 Crores (US\$ 1.80 billion) and Rs. 12,568 Crores (US\$ 2.56 billion), respectively.



In December 2020, DTH services provider Dish TV India Limited partnered with video-on-demand platform Hungama Play to expand its content portfolio. In India, number of individuals having access to TV and number of viewers per week reached 836 million and 762 million, respectively, in 2019.

There is a lot of scope for growth from the rural market with consumption expected to grow in these areas as penetration of brands increases. Demand for durables like refrigerators and consumer electronic goods are likely to witness an increased demand in the coming years, especially in the rural areas as the Government plans to invest significantly in rural electrification.

Growing awareness, easier access, and changing lifestyle have been the key growth drivers for the consumer market. The Government of India's policies and regulatory frameworks, such as relaxation of license rules and approval of 51% Foreign Direct Investment (FDI) in multi-brand and 100% in single-brand retail, are some of the major growth drivers for the consumer

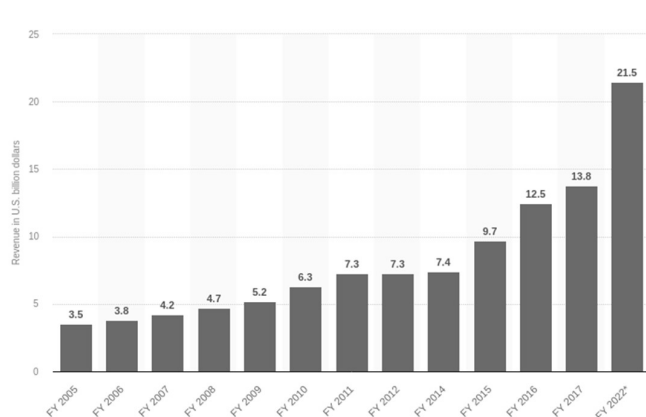


market. According to the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000 and June 2021, electronic goods attracted FDI inflows of US\$ 3.2 billion.

- In September 2021, ~52 companies have applied for availing PLIs for white goods makers, proposing an investment of ~Rs. 6,000 crores (US\$ 813 million) in manufacturing components for air conditioners (ACs) and LED lights. Most of these investments are expected to happen in the next 2-3 years; following this, local production for components for ACs and LED lights is expected to start.
- In July 2021, the government approved 14 companies under the production linked incentive (PLI) scheme for IT hardware. Over the next four years, these companies are expected to fuel total production of >US\$ 21.64 billion.
- On November 11, 2020, Union Cabinet approved the Production-Linked Incentive (PLI) scheme in 10 key sectors (including electronics and white goods) to boost India's manufacturing capabilities, exports and promote the 'Atmanirbhar Bharat' initiative.
- Mobile phone exports in India are expected to reach a record of US\$ 1.5 billion in 2020, of which 98% are expected to be smartphones.
- The PLI scheme, which has been approved for 16 electronics firms, including 10 manufacturers of mobile handsets, would further improve India's role in the global mobile market and complement the goal of making the country a global mobile production hub for manufacturers.
- Tech players such as Play (a tech brand) are focusing on tapping the Indian consumer electronics market, developing electronic components manufacturing base in India and encouraging export.
- Consumer electronics brands are focusing on the Indian smart wearables market. For example, in July 2021, Omthing announced its target to capture 5% of the smart wearables market in India in the next three years.

## MARKET SIZE

- Appliances and consumer electronics industry is expected to double to reach Rs. 1.48 lakh crore (US\$ 21.18 billion) by 2025.
- In May 2021, consumer durables output increased by 98.2%, compared with 70.3% decline in May 2020.
- Electronics hardware production in the country increased from Rs. 4.43 trillion (US\$ 72.38 billion) in FY19 to Rs. 5.47 trillion (US\$ 89.38 billion) in FY20.
- In FY20, TV penetration in India stood at 69%, driven by the DTH market. As of December 2020, active DTH subscribers stood at 70.99 million in the country, as compared with 70.7 in September 2020.
- As of FY20, electronics, domestic appliances and air conditioner market in India were estimated to be around Rs. 5,976 crore (US\$ 0.86 billion), Rs. 17,873 crore (US\$ 1.80 billion) and Rs. 12,568 crore (US\$ 2.56 billion), respectively.
- According to India Cellular & Electronics Association (ICEA), India has the potential to achieve a value of US\$ 100 billion in manufacturing of laptops and tablets by 2025.
- Smartphone shipments in India increased 8% y-o-y to reach 152.5 million units in 2019, thereby making it the fastest growing among the top 20 smartphone markets in the world.
- The headset market revenue in India is projected to reach >US\$ 77 million by 2027 at a CAGR of 4.7%, driven by rising adoption of wireless headsets among consumers.
- The dishwasher market in India is expected to surpass US\$ 90 million by 2025-26, driven by rising demand from metro cities such as Mumbai, Hyderabad, Delhi and Bangalore.
- According to a report by Care Ratings, consumer electronics and appliances manufacturers are set to increase their production by 5-8% in FY22, after witnessing a contraction in demand in FY21.
- According to RedSeer, India's consumer digital economy is projected to reach US\$ 800 billion by 2030, from US\$ 85-90 billion in CY20, driven by increase in online shopping.
- In June 2021, the Quick Estimates of Index of Industrial Production (IIP), as per the use-based classification, for consumer durables stood at 101.7.





## INVESTMENTS

- According to Department for Promotion of Industry and Internal Trade, between April 2020 and March 2021 (FY21), exports of electronic goods from India stood at US\$ 11.1 billion.
- Between April 2000 and June 2021, electronic goods attracted FDI inflows of US\$ 3.2 billion.

Following are some recent investments and developments in the Indian consumer market sector.

- In August 2021, Lenovo announced that it is considerably expanding its local manufacturing capabilities in India across product categories, such as PCs, laptops and smartphones, to satisfy rising consumer demand.
- In August 2021, Philips announced to invest Rs. 300 crore (US\$ 40.41 million) and recruit 1,500 employees in India. The company announced plans to expand its Pune operations to increase manufacturing in India.
- In July 2021, Godrej & Boyce announced entry into the dishwasher market and aims to capture 15% market share by FY22. The company is focusing on key markets such as Mumbai, Hyderabad, Bengaluru and Delhi and plans to expand to tier II cities.
- G.O.A.T Brand Labs raised funds worth US\$ 36 million from Flipkart Ventures and Tiger Global in August 2021. The company aims to collaborate and invest in digital brands and offer plug-and-play platform to accelerate growth. In line with this, the company is focusing on brands across areas such as home & kitchen, beauty and personal care.
- TCL Group announced, in June 2021, to start manufacturing handsets and TV display panels (from the fourth quarter) in Andhra Pradesh. The company plans to recruit 1,000 employees. This development was in line with the company's plan to invest ~US\$ 219 million to manufacture display modules in the country.
- In April 2021, Godrej Appliances announced an investment of Rs. 100 crore (US\$ 13.6 million) across two of its manufacturing facilities—Shirwal in Maharashtra and Mohali in Punjab—to expand its production capacity for air-conditioners (to 800,000 units) by 2025.
- In April 2021, Zetwerk Manufacturing, a B2B online marketplace, announced that it is entering the apparel and consumer durable sectors amid increased demand and supply chain disruptions after the outbreak of COVID-19.
- Super Plastronics, a brand licensee for Kodak HD LED TVs for India, announced in March 2021 that it will invest Rs. 300 crore (US\$ 40.26 million) to strengthen its capabilities in IoT technologies and tap emerging opportunities in the smart home devices market.
- In January 2021, Panasonic India announced its plan to double its residential air-conditioning business by 2024.
- In January 2021, the Indian smartphone firm, Lava Mobiles released the world's first customisable smartphone that enables users to select components, such as camera, memory, storage space and colour, from the company's website on their own.
- In November 2020, Saudi Arabia's Public Investment Fund invested Rs 9,555 crore (US\$ 1.29 billion) in Reliance Retail, taking the total fundraise in the last two months to Rs 47,265 crore (US\$ 6.37 billion).
- In November 2020, three private equity funds—Investcorp, Norwest Venture Partners and Gaja Capital together invested ~Rs. 800 crore (US\$ 110 million) to acquire ~ 31% stake in Xpressbees, the e-commerce focussed end-to-end supply chain solutions provider.
- In November 2020, Pegatron Corp., an iPhone assembler in Taiwan, announced its plans to invest US\$150 million in building a plant in India.
- In October 2020, the Karnataka government approved a Rs. 3,540 crore (US\$ 482.63 million) investment by Aequus SEZ Private Limited to develop a consumer electronics and durables goods (CEDG) cluster in Hubballi—about 430 kms from Bengaluru.
- In October 2020, Amazon India launched new specialised fulfilment centre with a storage capacity of 1.2 million cubic feet in Bengaluru, which is specialised to store and manage customer orders from the large consumer appliances and furniture categories in their portfolio.

## GOVERNMENT INITIATIVES

- In September 2021, FICCI Electronics Manufacturing Committee Chairperson Mr. Manish Sharma said that ~52 companies have applied for availing PLIs for white goods makers, proposing an investment of ~Rs. 6,000 crore (US\$ 813 million) in manufacturing components for air conditioners (ACs) and LED lights. Most of these investments are expected to happen in the next 2-3 years; following this, local production for components for ACs and LED lights is expected to start.
- In July 2021, the government approved 14 companies under the production linked incentive (PLI) scheme for IT hardware. Over the next four years, these companies are expected to fuel total production of >US\$ 21.64 billion.
- In June 2021, the government extended the production-linked incentive (PLI) scheme for large scale electronics manufacturing by a year (until FY26), giving a boost to the industry.
- The Indian government has been encouraging to consumer durable brands in India to 'Make in India' thereby expecting they should be self-reliant for the future; consumer too are showing an affinity towards homegrown products.
- The National Policy on Electronics 2019 is targeting production of one billion mobile handsets valued at US\$ 190 billion by 2025, out of which 600 million handsets valued at US\$ 100 billion are likely to be exported.
- The Government of India has allowed 100% Foreign Direct Investment (FDI) under the automatic route in Electronics Systems Design and Manufacturing sector. FDI into single brand retail has been increased from 51% to 100%; the government is planning to hike FDI limit in multi-brand retail to 51%.
- In September 2020, the Government of India planned to offer production-linked incentives worth Rs. 1.68 trillion (US\$ 23 billion) to companies such as consumer appliance, automobile and solar panel to attract companies to establish manufacturing plants in India.



- On November 11, 2020, Union Cabinet approved the Production-Linked Incentive (PLI) scheme in 10 key sectors (including electronics and white goods) to boost India's manufacturing capabilities, exports and promote the 'Atmanirbhar Bharat' initiative.
  - Mobile phone exports in India are expected to reach a record of US\$ 1.5 billion in 2020, of which 98% are expected to be smartphones.
  - The PLI scheme, which has been approved for 16 electronics firms, including 10 manufacturers of mobile handsets, would further improve India's role in the global mobile market and complement the goal of making the country a global mobile production hub for manufacturers.
- <https://bitly.co/9mE6>  
Source: IBEF

### **AIR PURIFIERS**

Due to continuous air quality deteriorating in major metropolitan areas (including Delhi and surrounding areas) and alarming Air Quality Index levels, room air purifier makers are seeing a surge in their sales numbers.

Every year, manufacturers are looking for a silver lining as sales numbers of this product spikes after Diwali and has now touched a market size of almost Rs. 500 crores, in which the Delhi NCR and the Northern region contributes around three-fourths of the sales.

Manufacturers have lined up new models, now claiming reprieve, not only from poor air quality, but also protection against the threat of the SARS COV-2 virus and other smart features providing much needed relief to thousands of health conscious families across the country. At the same time, increasing awareness of the effects of indoor pollution is creating demand in the residential and institutional sectors for air purifiers.

Air purifier sales peak only when consumers see pollution rising to a dangerous level, increased media coverage of poor air quality has led to consumer awareness, thereby resulting in more sales. In the past few years, there has been a sudden surge in air purifiers demand during the smog situation in Delhi. The onset of winter only further deteriorates the air quality and acts as a catalyst to push the sales for air purifiers.

As per internal estimates, the current market for Air Purifiers in India is around Rs. 450-500 crore annually and has seen sporadic growth but largely concentrated in the northern regions of India, which roughly contributes to more than 80% of the market. However, the trend is steadily changing as awareness of pollution and its harmful effects increase.  
Source: <https://bitly.co/9mDZ>

### **CONSUMPTION**

As a country with a huge population, and growing household income and purchasing power, India was the second largest market for major appliances and the third largest market for small appliances in 2019, based on revenue. In urban India, refrigerators and mixers were among the most popular home appliances. For instance, the air conditioner market has seen steady growth since 2009, with climate change induced heat waves in India as one of the driving forces behind its increased demand. For many durable goods, India is still a market with great growth potential. In the consumer electronics segment, televisions occupied the top with an estimated 200 million households in financial year 2020 with a projected market size of US\$ 13.66 billion. However, with the impact of COVID-19 pandemic, the market growth might be interrupted for a few years.

### **MAJOR PLAYERS**

The leader of the household appliances market was Whirlpool of India Limited, with a revenue of Rupees 61.21 billion in financial year 2021. Domestic brands like Bajaj and Crompton were also popular in the market. And with the growing popularity of smart devices, including smartphones, smart TVs, and smart wearables, despite the initially low penetration rate compared to other more mature markets across the globe, the consumer electronics segment in India would become increasingly important, with an estimated market size of US\$ 58 billion in 2025. In the category of smartphones and smart wearables, Chinese vendor Xiaomi had preformed very well in recent years.  
Source: <https://bitly.co/9mDw>

### **RECENT CONSUMPTION PATTERNS**

The last two years have been challenging in many ways for customers as the pandemic has confined them to homes, leading to a paradigm shift in consumer behaviour and the home appliances industry at large. However, consumer sentiment was quite positive during the festive season. Work from home and stay at home have created good demand for durables, as leisure travel is restricted so certain section of consumers are spending on upgrading consumer durables. Companies are witnessing good growth in premium products across categories and are also introducing meaningful consumer promotions for the festive season.

The Indian appliance and consumer electronic industry was estimated to be around Rs. 76,400 crore (US\$ 10.93 billion) in the pre-pandemic 2019. The year 2021 continued to be a challenging year due to the second wave and increasing raw material prices. The consumer durable industry is expecting double-digit growth in the festive season sales in 2021 despite inflationary pressure on inputs that led to price hike twice in the year, shortage of components such as chipsets and a threat of a third wave



of the pandemic. The makers such as Panasonic, LG, Haier, Godrej Appliances and Lloyds are expecting a pent-up demand and good growth in premium products across categories like large-screen TVs, front-load washing machines, and bigger capacity refrigerators.

There has been a steady rise in demand for value-proposition appliances such as smart 4K Android TVs, connected range of ACs (HU series), refrigerators, washing machines, microwaves and other lifestyle appliances. Various companies are hoping to maintain the growth momentum through festive season to make up for losses due to the pandemic, launching a range of flagship products ahead of the festive season.

The companies are keeping their supply chain and inventory ready for the festive season, which starts in the North and other parts from Dussehra and goes up to Diwali and usually accounts for up to 30 per cent of their sales in a month. Companies announced an array of exciting offers such as cashback and easy consumer finance schemes to aid better consumer buying.

Makers have planned to launch new models along with a 360-degree integrated, promotional campaigns, cash backs, easy finance options as zero down payment and long-term EMI schemes. A good festive season sales would also help them recover the losses incurred on account of the second wave of the pandemic and lockdowns.

## **CONCLUSION**

### **ROAD AHEAD**

Indian appliance and consumer electronics (ACE) market is expected to increase at 9% CAGR to reach Rs. 3.15 trillion (US\$ 48.37 billion) in 2022. Demand growth is likely to accelerate with rising disposable income and easy access to credit. Increasing electrification of rural areas and wide usability of online sales would also aid growth in demand.

From the consumer durable market analysis, it can be concluded that this sector has huge potentialities to grow in near future in India. Further, the present government's initiative "Make in India" could act as a greatest opportunity to this sector. It is concluded that the determinants like income, the number of durables possessed, level of education of household head have significant positive effect on the demand for most of the major durables. Income is one of the important determinants which has significant positive effect on the demand for the major durables. The level of education of the household head has positive significant effect on the demand for major durables. Similarly, the number of durables possessed by a household also has positive effect on the demand for durable goods.

Note: Conversion rate used for September 2021 is Rs. 1 = US\$ 0.01371

References: Media reports, press releases, Press Information Bureau (PIB), Boston Consulting Group, International Data Corporation.



## OUR BUSINESS

### ***About Incorporation:***

Our Company was originally incorporated as “**Safa Systems & Solutions**”, a Partnership firm in the state of Kerala on October 18, 2012. Subsequently, we have converted the Partnership firm into a Public Limited Company in the name of “**Safa Systems & Technologies Limited**” on September 21, 2021 bearing Corporate Identification Number U52100KL2021PLC071051 vide Certificate of Incorporation issued by Registrar of Companies - Central Registration Centre.

### ***Brief Overview of Our Company and Business:***

Safa Systems & Solutions, the erstwhile partnership firm, started its business in the year 2012 as a new entrant in the field of consumer durable like Mobile phones and its accessories. We were appointed for all Kerala distribution for Micromax Smartphones and the initial year net turnover (after considering sales return) i.e., in the financial year 2012-13 was Rs.7.84 crores. In the financial year 2013-14, we crossed a net turnover of Rs.51.24 Crores. In the year 2015, we also made an arrangement with Micromax for its Feature Phones distributions in the State of Kerala, and in the financial year 2014-15 and 2015-16, we crossed a net turnover of Rs.94.98 Crores and 90.90 crores respectively. In the Financial year 2016-17, our net turnover dropped to Rs.73.30 crores because of the brand issues with Micromax. Until then we were only dealing with the products of Micromax.

In the year 2017-18, we decided to create a portfolio of brands rather than sticking to one brand and we were looking forward to capture 25% to 30% of the Smartphones market size in the state of Kerala. In the same year we signed up with the brand OPPO and we crossed a net turnover of Rs.169.41 Crores.

In the financial year 2018-19 we signed up with more brands like Xiaomi, Vivo, LG, etc. and our net turnover was Rs.254.92 Crores.

Further, In the Financial Year 2019-20 we also signed up with more brands like Huawei, Motorola, etc. and we crossed a net turnover of Rs.255.12 Crores.

In the Financial Year 2020-21 we signed up with the brand One Plus for the Kerala region. The net turnover in financial year 2020-21 dropped to Rs. 208.51 crores due to Covid-19, pandemic.

The journey from 2012 to date was quite remarkable and we felt the need to structure the business from partnership firm to corporate setup, unorganized to organized and well professionally managed organisation. Accordingly, the partnership firm was converted into Limited Company in the year 2021.

Presently, our company is in the business of distributorship of consumer durable products like Mobile phones, Mobile phone accessories, Tablets, LED TVs, Home appliances and wearable devices of various brands like Xiaomi, OPPO, TECNO, Micromax, One Plus in Kerala. The company works in B2B (Business to Business) model.

### **Distributorship Agreements:**

The Company has entered into various distributorship agreement, details as mentioned below:

Sl. No.	Name of the Company	Name of the Brand
1	Xiaomi Technology India Private Limited*	Xiaomi
2	Sansco Technologies Kerala Private Limited	Oppo
3	G Mobile Devises Private Limited	Tecno
4	Haijin Trade India Private Limited	Vivo
5	Micromax Infomatix Limited*	Micromax
6	Oppo Mobiles India Private Limited	One Plus

*\* Note: The agreement was in the name of the partnership firm i.e., Safa Systems & Solutions. The company is under process to transfer the distributorship agreement with Xiaomi and Micromax from partnership firm to company.*

The range of products which we deal as on date includes Telecommunication devices, Accessories, LED television, Tablets, Internet of Things Products, Home appliances, etc. The commitment, dedication, delivery, and quality services are well known in the industry and we have built our goodwill and reputation from it. The Company is one of the key distributors of Electronic Products and accessories in Kerala. Presently the Company has its distributorship agreement with the reputed Brands like Xiaomi, OPPO, TECNO, Micromax, One Plus for distribution of the Smartphones, LED TV and accessories in the State of Kerala.

We value relationships with all our stakeholders: clients, employees, investors, vendors and others. All our endeavors have always had an inherent objective of providing value to all the people associated with us. We do not see our business as an isolated entity that is driven by self-interest, but view it as part of a beautiful and efficient business ecosystem where our every move makes a positive difference for all the entities involved. Every member of our organization is committed to our vision and business ethics.



We are deeply committed to quality services, dedication and commitment, an idea that permeates everything we do and everything we achieve. The ultimate goal of all our plans, infrastructure, processes, systems, is customer satisfaction. It is the one constant element at the foundation of all our thoughts. All our work offers value to the customer vis-à-vis their requirements.

The company has been also awarded with ISO 9001:2015 quality certifications, for the assessment of their Quality Management System and found to conform to the requirement of ISO 9001:2015 for the scope of provisions of Marketing, trading and Distribution of -TV, Mobile Phones, Mobile Phone Accessories, Home Appliances, Tablets, and IT enable products.



## Certificate of Registration

This is to certify that

**M/S. SAFA SYSTEMS & TECHNOLOGIES LIMITED**  
46/2631 B, SAFA ARCDE, KANIYAPILLY ROAD, CHAKKARA PARAMBU,  
POONITHURA - 682028, KERALA, INDIA

has been independently assessed by QRO  
and is compliant with the requirement of:

**ISO 9001:2015**

**Quality Management System**

For the following scope of activities:

**MARKETING, TRADING AND DISTRIBUTION OF- TV, MOBILE PHONE, MOBILE ACCESSORIES, HOME APPLIANCES, TABLETS, IT ENABLE PRODUCTS, IT PRODUCTS**

Date of Certification: 8th November 2021

2<sup>nd</sup> Surveillance Audit Due: 7th November 2023

1<sup>st</sup> Surveillance Audit Due: 7th November 2022

Certificate Expiry: 7th November 2024

**Certificate Number: 2021110843**



*Signature*

Head of Certification

Validity of this certificate is subject to annual surveillance audits to be done successfully on or before 365 days from date of the audit. (In case if surveillance audit is not allowed to be conducted; this certificate shall be suspended / withdrawn).

**The Validity of this certificate can be verified at [www.grocert.com](http://www.grocert.com)**

This certificate of registration remains the property of QRO Certification LLP, and shall be returned immediately upon request.

QRO Certification LLP is accredited by UK Akkreditering Forum Limited, UK ([www.ukaf.org.uk](http://www.ukaf.org.uk))  
5 Jupiter House, Calvea Park, Aldermaston, Reading Berkshire RG78NN UK

**India Office : QRO Certification LLP**

142, IInd Floor, Avtar Enclave, Near Paschim Vihar West Metro Station, Delhi-110063, (INDIA)

Website : [www.grocert.com](http://www.grocert.com), E-mail : [info@grocert.com](mailto:info@grocert.com)



### **OUR MARKET STRATEGY: -**

“Safa Systems & Technologies Limited” is having a Dashing, Experienced & Customer Centric Business Development Team right from the Top Management till the on-field executive, whose main aim is to bring the business for the organization in a right full way. We at Safa use several elements in marketing mix such as Product, Price, Place, Promotion, People, Physical evidence (exchange of Cards/brochures) and Process etc.

In its nascent stage, the Company in 2012 started off as all Kerala distributor for Micromax smart phones. The Company subsumed the existing distribution channel of Micromax, which was earlier managed by the erstwhile distributor. We were then supplying to the sub distributors in each district who in turn were supplying directly to the market.

The business of the company was in a three-tier format. Within a short span of time, the Company expanded the business to the entire region of Kerala, which were not catered to by them previously by appointing new sub distributors in those regions. Gradually the company changed the distribution format from 3 tier to 2 tier. This enabled our Company to directly interact with Large Format Retail (LFR) accounts and other prominent retailers.

Marketing of the products are usually done by the respective brands for their products. However, in some cases, in some brands, the Company jointly undertakes the marketing activities. The goodwill and repute of the Company attracted greater opportunities as other brands approached the company for distributorship.

Recently, the Company has taken an office in Mumbai as a part of its expansion plans to grow their presence into other regions of the country. We also supply goods to other distributors and whole sellers outside Kerala as and when the opportunity arises.

### **Business Development (BD) / Sales Process: -**

➤ **Acquiring New Brands:** - The Company acquires the contract of distributorship directly from the brands it deals in. Usually, brands looking to expand their market by tapping into new regions approach the Company for business. It is usually in the form of a fixed term contract that is subject to renewal.

➤ **Contract Renewal Process:** - Usually unless terminated at the instance of either of the parties the contract hold valid.

➤ **Client Support:** - Client support is as important as sales. In fact, it is perhaps one of the major factors that have lead to the growth of the Company over the years. While the company is in the business of distributorship, maintaining robust business relations with the brands and retail participants ensures that the Company remains ahead of its competitors. While such support does not generate any revenue for the company, it surely does increase the goodwill of the organization in the market and amongst the customers. Additionally, the Company often, working with the brands takes up the advertising process for certain products.

#### ❖ **Our Vision:**

To be a leading distributor in telecommunications and electronic accessories pan India.

#### ❖ **Our Mission:**

Profitable growth through superior customer service, innovation, quality and commitment.

#### ❖ **Our Values:**

Service, Integrity, Innovation, Value Addition, Promptness.

#### ❖ **Our Competitive Strengths:**

- 1. Organizational stability along with management expertise:** The company promoters have years of experience in the line of business and run several group companies, and partnerships that operate in several sectors. All the businesses of the promoters have been successful and profitable. In the telecommunications and electronic accessories business as well, the company has successfully established itself as a leading player in the market.
- 2. Smooth flow of operations:** Established relationship with customers and suppliers ensure stability in demand and an uninterrupted supply of products. We have maintained long-standing relationship with all the retail outlets as well as the brand suppliers. We are successful in building a strong client base for our business. The existing business relationships ensure a steady flow of business and helps the company stay ahead of competition.
- 3. Existing Supplier Relationship:** Our existing supplier relationship protects the business with terms of supply and pricing of the products, the quality of the products offered etc. We, being a small and medium size organization, rely on personal relationships with our suppliers. Our company enjoys existing relationship with our suppliers. Further we also leverage the past experience of our management in maintaining effective supplier relationship.
- 4. Quality & ISO Certifications:** Our ISO certificates shows our good quality of services and good financial performance and strength.



#### ❖ **Our Business Strategy:**

1. **Focus on Increase in Volume of Sales:** As part of our growth strategy we intend to focus on increase in volume of sales by increasing our area of operation. This is expected to be done through expanding our business to other states with the view of establishing the Company at a national level. Securing an office in Mumbai has acted as the next step towards our expansion plans.
2. **Increase geographical presence:** Going forward we plan to establish our presence in more regions in the country. Our emphasis is on expanding the scale of our operations as well as growing our supply chain network, which we believe will provide attractive opportunities to grow our client base and revenues.
3. **Leverage and enhance our brand name:** We believe that our brand commands a recall amongst the consumers in the areas where we operate due to its image and goodwill established over the years. We intend to leverage the brand equity that we enjoy. Also, we plan to leverage our existing brands, which have good recall with customers to introduce a wider range of products.
4. **Improving operational efficiencies:** Our Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers, especially when the Company expands its business to other states where certain competitive businesses are already established. The core idea is to minimize cost of operations without affecting the quality of services provided by the Company. Further we believe that this can be done through domestic presence and economies of scale. We believe in strong in-house management to control the entire process. It controls costs by eliminating unnecessary intermediaries for procuring materials in cost efficient manner by optimizing logistics.
5. **Leveraging our Market skills and Relationships:** This is a continuous process in our organization and the skills that we impart in our people give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting contracts in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers.

#### ❖ **Swot Analysis:**

##### **Strengths**

- Established operations and proven track record
- Quality Assurance and Standards
- Experienced Management Team
- Satisfied customer with quality and service
- Smooth flow of operations
- Strong business model

##### **Opportunities**

- Rise in demands
- Opportunities in Indian Market
- Expanding new geographical area
- Demand for newer technologies and brands

##### **Weakness**

- Rising Costs
- High working capital requirement
- Limited pricing power due to fixed pricing

##### **Threats**

- E-Commerce
- Change in Government Policies
- Rising labour wages
- Margins may be constrained in the future
- There are no entry barriers in our industry which puts us to the threat of competition from new entrants

#### ❖ **Competition:**

We operate in the highly competitive industry. There are no entry barriers in our industry which puts us to the threat of competition from new entrants. There are numerous players operate in the industry. We face tough competition in our business from a large number of unorganized and a few organized players. Our aim is to provide premium branded electronics to our consumers. While we do not have any major competitions in Kerala, many of our competitors have substantially large capital base and resources than we do and offer broader range products in other states. We believe that the principal factors affecting competition in our business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the services and products.

We believe that our ability to compete effectively is primarily dependent on ensuring consistent service quality and timely delivery at competitive prices, thereby strengthening our brand over the years. We believe that our focus on customer satisfaction and our reliability combined with our quality consciousness provides us with competitive advantage in our business. We believe that our technical capabilities, experience in this business and quality assurance will be key to overcome competition posed by such organized and unorganized player.



## HUMAN RESOURCES: -

Human resource is an asset to any industry. We believe that our employees are the key to the success of our business and hence we have a structured organization plan to take care of the growth and motivation aspects of our team. Our manpower is a prudent mix of experienced and young personnel which gives us the dual advantage of stability and growth. Our work processes and skilled resources together with our strong management team have enabled us to successfully implement our growth plans.

The number of employees is dependent on the number of projects in hand. The total strength of manpower as on date of this draft prospectus is 26 employees excluding Directors. Category wise details are as under:

Department	No of Employees
CFO	1
Company Secretary	1
Accounts & Finance Department	6
Administrative Staff	1
Human Resource Department	2
Sales & Marketing Department	6
Purchase & Procurement Department	3
Legal and Compliance Department	1
Permanent Labour	5
<b>TOTAL</b>	<b>26</b>

## INSURANCE POLICIES OF OUR COMPANY: -

As on date of this draft prospectus, our erstwhile partnership firm has taken the stock insurance and building insurance, the details are as under:

Policy No	Policy Period	Nature of Coverage
23352498	25-06-2021 to 24-06-2022	Building – 100.00 Lakhs Stock – 1500.00 Lakhs

## List of Plant & Machinery

As on date of this draft prospectus, we don't have any major plant & Machinery.


## Existing Capacity and Capacity Utilisation

Our capacity depends on our workforce and not in any fixed output from plant & machinery and hence capacity and capacity utilisation cannot be determined.

## Intellectual Property Details

We regard our intellectual property as one of the most important factors in contributing to our success, and our intellectual property rights include trademarks associated with our businesses and other rights arising from confidentiality agreements relating to our database and website content and technology.

Our Company conducts its operations under the "SAFA SYSTEMS" brand name and using a logo as mentioned in below table. Our Company's logo is not registered and we are in the process of Registering it under the Trade Mark Act.

Sr. No.	Logo	Class	Trademark Type	Owner of Trademark	Application No.	Date of application	Status
1.	 SAFA SYSTEMS & TECHNOLOGIES LIMITED	9 & 35	Device	Safa Systems & Technologies Ltd.	5202548 & 5202549	09/11/2021	Objected



2		This logo used since partnership firm for which no application has been made for registration.
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*Television, Television Apparatus, Mobile Accessories, Tab, Computer Peripherals, Wireless Computer Peripherals, Information Technology and Audio-visual Equipment included in Class 9.*

*Display, Exhibition, Retail, Wholesale, Import, Export and Online Sale Of Television, Television Apparatus, Mobile Accessories, Tab, Computer Peripherals, Wireless Computer Peripherals, Information Technology And Audio visual Equipment, Domestic Grinders, Domestic Washing Machines, Heater, Refrigerator, Water Purifier, Mixer Grinder included in Class 35.*

The trademarks has been applied in the name of the Company. The said trademark has been objected under section 11(1) of the Trade Marks Act, 1999. The reply to the examination report is awaited from the company.

### Property Details

**Owned Property:** Nil.

**Leased Property:** 1. Registered Office of the Company is presently situated at 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India.

2. Newly acquired branch office (Under development) of the Company is presently situated at “Cronos Holdings”, 97/3, Office No.1 Ground & Mezzanine Floor, Western Express Highway, Mira Road, Thane-401107, Maharashtra.

### Utilities & Infrastructure Facilities:

Our Registered office and Branch offices are well equipped with all the requisite facilities to run our business smoothly.

### Export and Export Obligations:

Company exploring export/import opportunities.

### Sales & Marketing:

Our company is having an Experienced & Customer Centric Business Development Team right from the Top Management till the on-field executive, whose main aim is to bring the business for the organization in a rightful way.

The Company currently operates primarily within the state of Kerala with immediate plans of expansion to Maharashtra. The efficiency of the sales and marketing network is critical to success of our Company. Our success lies in the strength of our relationship with the clients who have been associated with our Company. Our team through their experience and good rapport with these clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To get repeat orders from our customers, our team having adequate experience and competencies, regularly interact with them and focus on gaining an insight into the additional needs of customers.



## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies 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 be a substitute for professional legal advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the chapter titled — **Government and Other Approvals** beginning on page no 144 of this Draft Prospectus.*

*The business of our Company requires, at various stages, the sanction of the concerned authorities under the relevant Central, State legislation and local bye-laws. The following is an overview of the important laws, regulations and policies which are relevant to our business in India. Certain information detailed in this chapter has been obtained from publications available in the public domain. The description of law, regulations and policies set out below are not exhaustive, and are only intended to provide general information to bidders and is neither designed nor intended to be a substitute for professional legal advice.*

*In addition to what has been specified in this Draft Prospectus, taxation statutes such as the Income Tax Act, 1961 and Central Goods and Services Tax Act, 2017, various labour laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the chapter titled — **Government and Other Approvals** beginning on page no 144 of this Draft Prospectus.*

Depending upon the nature of the activities undertaken by our Company the following are the various regulations applicable to our company

### **APPROVALS**

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 144 of this Draft Prospectus.

### **INDUSTRY RELATED LAW:**

#### ***Laws relating to sale of goods***

The Sale of Goods Act, 1930 (the “Sale of Goods Act”) governs contracts relating to sale of goods in India. The Contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract of sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for sale of goods.

#### ***The Micro, Small and Medium Enterprises Development Act, 2006 (“MSME Act”)***

MSME Act was enacted to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. Any person who intends to establish (a) a micro or small enterprise, at its discretion; (b) a medium enterprise engaged in providing or rendering of services may, at its discretion; or (c) a medium enterprise engaged in manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 is required to file a memorandum before such authority as specified by the State Government or the Central Government. The form of the memorandum, the procedure of its filing and other matters incidental thereto shall be such as may be specified by the Central Government, based on the recommendations of the advisory committee. Accordingly, in exercise of this power under the MSME Act, the Ministry of Micro, Small and Medium Enterprises notification dated September 18, 2015 specified that every micro, small and medium enterprises is required to file a Udyog Aadhaar Memorandum in the form and manner specified in the notification.

#### ***Kerala Shops and Commercial Establishments Act, 1960.***

The Government of Kerala has notified the Kerala Shops and Commercial Establishments Act, 1960 Every establishment employing five or more workers shall register under the Act by making an application for registration. The above registration shall not be applicable to establishments already having a valid registration under the existing Maharashtra Shops and Establishments Act, until the expiry of their registration. The Act has introduced a new concept for the safety of women employees. The Act prohibits discrimination of women employees in the matter of recruitment, training, transfers or promotion or wages.



### ***The Carriage by Road Act, 2007 (the “Road Carriage Act”)***

The Road Carriage Act, and the rules framed thereunder, have been enacted for regulating common carriers, limiting their liability and declaration of value of goods delivered in order to determine their liability for loss of, or damage to, such goods occasioned by the negligence or criminal acts by such carriers, their servants or agents and for incidental matters. The Road Carriage Act defines a “common carrier” as a person engaged in the business of collecting, storing, forwarding or distributing goods to be carried by goods carriages under a goods receipt or transporting for hire of goods from place to place by motorised transport on road, and includes a goods booking company, contractor, agent, broker, and courier agency engaged in the door-to-door transportation of documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles, but does not include the Government. No person can engage in the business of a common carrier unless he has a valid certificate of registration. As per the Carriage by Road Rules, 2011, the liability of a common carrier for loss or damage to any consignment is limited to 10 times of the freight paid, or payable, provided such amount shall not exceed the value of the goods declared in the goods forwarding note.

### ***Public Liability Insurance Act, 1991***

The purpose of the Public Liability Insurance Act, 1991 (“PLIA”) is to provide through insurance, immediate relief to persons affected due to accident while handling hazardous substance by the owners on a no fault liability basis. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident, the PLIA mandates that the owner is liable to give relief to such person as specified by the PLIA. The PLIA requires the owner to take out insurance policies before he starts handling any hazardous substance whereby he is insured against liability to give such relief.

### ***Prevention of Black Marketing and Maintenance of Supplies Act, 1980:***

Prevention of Black Marketing and Maintenance of Supplies Act, 1980. It is an Act for detention in certain cases or the purpose of prevention of black marketing and maintenance of supplies of commodities essential to the community and for matters concerned therewith.

### ***Bureau of Indian Standards Act, 2016 (the “BIS Act”)***

BIS Act was notified on March 22, 2016 and came into effect from October 12, 2017. The BIS Act establishes the Bureau of Indian Standards (BIS) as the National Standards Body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. The BIS Act also allows multiple type of simplified conformity assessment schemes including self-declaration of conformity against a standard which will give simplified options to manufacturers to adhere to the standards and get certificate of conformity. The BIS Act enables the Central Government to appoint any authority/agency, in addition to the BIS, to verify the conformity of products and services to a standard and issue certificate of conformity. Further, there is also a provision for repair or recall, including product liability of the products bearing standard mark but not conforming to the relevant Indian Standard.

### ***Environmental Laws***

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (the “PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

### ***Air (Prevention and Control of Pollution) Act, 1981***

Air (Prevention and Control of Pollution) Act 1981 (-the Act) was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

### ***Water (Prevention and Control of Pollution) Act, 1974***

The Water (Prevention and Control of Pollution) Act, 1974 (-the Act) was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.



***The Water (Prevention and Control of Pollution) Cess Act, 1977 (“Water Pollution Cess Act”)***

The Water Pollution Cess Act has been enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries to augment the resources of the central pollution control board and state pollution control boards. The Water Pollution Cess Act also provides for a rebate to the extent of 25% of the cess payable, in favour of persons who, being liable to cess under the Water Pollution cess Act, install any plant for the treatment of sewage or effluents. However, this rebate is not applicable to persons consuming water in excess of the maximum prescribed quantity or who fail to comply with the provisions of section 25 of the Water Act or who fail to adhere to standards laid down by the Central Government under the Environment Act.

***The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008:***

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended (**Hazardous Wastes Rules**), which superseded the Hazardous Wastes (Management and Handling) Rules, 1989, state that the occupier will be responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment. The hazardous wastes generated in the establishment of the occupier should be sent or sold to a recycler or re-processor or re-user registered or authorised under the Hazardous Wastes Rules or should be disposed of in an authorised disposal facility. The Ministry of Environment and Forests has been empowered to deal with the trans-boundary movement of hazardous wastes and to grant permission for transit of hazardous wastes through any part of India. No import of hazardous waste is permitted in India. The State Government, occupier, operator of a facility or any association of the occupier will be individually or jointly or severally responsible for, and identify sites for, establishing the facility for treatment, storage and disposal of hazardous wastes for the State Government.

**INTELLECTUAL PROPERTY LEGISLATIONS:**

In-general the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trademarks Act, 1999

***Indian Patents Act, 1970:***

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

***The Copyright Act, 1957:***

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

***Trademarks Act, 1999 (“TM Act”):***

The Trademarks Act, 1999 provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The TM Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

**FOREIGN INVESTMENT LAWS:**

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by RBI thereunder, and the Consolidated FDI Policy (“Consolidated FDI Policy”) issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”) from time to time.

In terms of applicable regulations notified under FEMA and the SEBI (Foreign Portfolio Investors) Regulations, 2014 (“SEBI FPI Regulations”), investments by Foreign Portfolio Investors (“FPIs”) in the capital of an Indian company under the SEBI FPI Regulations are subject to certain limits individual holding limits of 10% of the capital of the company per FPI and the aggregate holding limit of 24% of the capital of the company. However, the aggregate limit for FPI investment in a company can be increased up to the applicable sectoral cap by passing a resolution of the company’s board of directors, followed by a special resolution by the shareholders and prior intimation to the RBI.



### ***Foreign Trade (Development and Regulation) Act, 1992***

The Development and Regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and license to import or export includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (“DGFT”) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. DGFT is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

### ***Foreign Exchange Management Act, 1999 and regulations thereunder***

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. FEMA aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

As laid down by the FEM Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“FEM Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules regulations and notifications there under, and the policy prescribed by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of India. The RBI, in exercise of its power under FEMA, has notified the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 which deals with exports, the declaration to be filed, the realization of export value, etc. The RBI amended these Regulations by introducing the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021 (the “Amendment Regulations”) through a notification dated January 08th, 2021 to introduce certain exemptions related to the aviation sector through the Amendment Regulations. In exercise of the powers conferred by section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank has notified the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instrument) Regulations, 2019 (“Principle Regulations”) relating to mode of payment and reporting requirements for investment in India by a person resident outside India. The RBI has notified the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2020 whereby amendment has been made to Regulation 3.1 of the Principle Regulations which deals with the Mode of Payment and Remittance of sale proceeds in which Schedule II and Schedule VII was substituted. The RBI, also notified the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015 to regulate opening and maintenance of foreign currency accounts in and outside India by a person resident in India. The RBI passed a notification dated February 27th, 2019 amending the regulations by passing the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2019 amending regulation applicable to authorized dealers.



### ***The Foreign Direct Investment***

The Government of India has from time to time made policy pronouncements on Foreign Direct Investments (“FDI”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade (“DPIIT”) issued the Consolidated Foreign Direct Investment Policy notified by the DPIIT File No. 5(2)/2020-FDI Policy dated October 15, 2020, with effect from October 15, 2020 (the “FDI Policy”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT or the DPIIT that were in force and effect prior to October 15, 2020. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

### **GENERAL CORPORATE COMPLIANCE:**

#### ***The Companies Act 1956 and the Companies Act, 2013:***

The consolidation and amendment in the law relating to the Companies Act, 1956 made way to the enactment of the Companies Act, 2013. The Companies Act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One-Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

### **EMPLOYMENT AND LABOUR LAWS:**

#### ***The Industrial Relations Code, 2020:***

The new Code passed by the Parliament replaces and Consolidates three labour legislations, being The Industrial Disputes Act, 1947, The Trade Unions Act, 1926, and The Industrial Employment (Standing Orders) Act, 1946. It aims at consolidating and amending the laws relating to trade unions, conditions of employment in industrial establishments, investigation and settlement of industrial disputes. While it retains several provisions from the existing legal framework regarding retrenchment, lay-off, closure, industrial disputes, trade union recognition, etc., new requirements have been introduced to simplify as well as add more structure to the existing regulations.

#### ***The Code on Wages, 2019:***

The new Code replaces the following four laws: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. Under the Act, the Central Government shall determine wage-related provisions in railways, mines, oil fields, etc, while the State Government is empowered to take such decisions in relation to other employments.

#### ***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 Unorganized 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. The Central Government has issued the draft rules under the Code on Social Security, 2020. The draft rules provide for operationalization of provisions in the Code on Social Security, 2020 relating to employees' provident fund, employees' state insurance corporation, gratuity, maternity benefit, social security and cess in respect of building and other construction workers, social security for unorganized workers, gig workers and platform workers. In addition to above, we are subject to wide variety of generally applicable labour laws concerning condition of working, benefit and welfare of our laborers and employees such as the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Employees (Provident Fund and Miscellaneous Provision) Act, 1952.

#### ***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 104 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 Central Government has issued the draft rules under the Occupational Safety, Health and Working Conditions Code, 2020. The draft rules provide for operationalization of provisions in the Occupational Safety, Health and Working Conditions Code, 2020 relating to safety, health and working conditions of the dock workers, building or other



construction workers, mines workers, inter-state migrant workers, contract labour, journalists, audio-visual workers and sales promotion employees.

***Employees' Provident Fund and Miscellaneous Provisions Act, 1952 ("the EPF Act") and the Employees Provident Fund Scheme, 1952:***

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

***Employees Deposit Linked Insurance Scheme, 1976:***

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

***The Employees' Pension Scheme, 1995:***

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of the joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

***Child Labour Prohibition and Regulation Act, 1986:***

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

***The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:***

In order to curb the rise in sexual harassment of women at workplace, this act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

## **TAX RELATED LEGISLATIONS**

***The Income Tax Act, 1961***

The 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. As per the provisions of Income Tax Act, the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Income Tax Act. Filing of returns of income is compulsory for all assesses. Furthermore, it requires every taxpayer to apply to the assessing officer for a permanent account number.

***Goods and Service Tax (GST):***

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act, 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by Centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination-based consumption tax GST would be a dual GST with the center and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods



and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise– goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

### ***The 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.

## **OTHER LAWS**

### ***Municipality Laws:***

Pursuant to the Seventy Fourth Amendment Act, 1992, the respective State Legislatures in India have the power to endow the Municipalities (as defined under Article 243Q of the Constitution of India) with the power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India which includes regulation of public health. The respective States of India have enacted laws empowering the Municipalities to regulate public health including the issuance of a health trade license for operating eating outlets and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

### ***Police Laws:***

The State Legislatures in India are empowered to enact laws in relation to public order and police under Entries 1 and 2 of the State List (List II) to the Constitution of India. Pursuant to the same the respective States of India have enacted laws regulating the same including registering eating houses and obtaining a ‘no objection certificate’ for operating such eating houses with the police station located in that particular area, along with prescribing penalties for non-compliance.

### ***Approvals from Local Authorities:***

Setting up of a Factory or Manufacturing/Housing unit/Establishments entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

### ***The Indian Contract Act, 1872:***

The Contract Act is the legislation which lays down the general principles relating to formation, performance and enforceability of contracts. The rights and duties of parties and the specific terms of agreement are decided by the contracting parties themselves, under the general principles set forth in the Contract Act. The Contract Act also provides for circumstances under which contracts will be considered as ‘void’ or ‘voidable’. The Contract Act contains provisions governing certain special contracts, including indemnity, guarantee, bailment, pledge, and agency.

### ***The Specific Relief Act, 1963***

The Specific Relief Act, 1963 ("SR Act") is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The SR Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### ***Transfer of Property Act, 1882:***

The transfer of property is governed by the Transfer of Property Act, 1882 (“T.P. Act”). 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.

### ***Registration Act, 1908:***

The Registration Act, 1908 (“Registration Act”) has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any



term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

***The Indian Stamp Act, 1899***

Under the Indian Stamp Act, 1899, stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in a property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state.

***Negotiable Instruments Act, 1881***

In India, the laws governing monetary instruments such as cheques are contained in the Negotiable Instruments Act, 1881. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid.

***Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008):***

The Information Technology Act, 2000 (the IT Act) is an Act of the Indian Parliament notified on October 17, 2000. It is the primary law in India dealing with cybercrime and electronic commerce. It was enacted with the purpose of providing legal recognition to electronic transactions and facilitating electronic filing of documents. The IT Act further provides for civil and criminal liability including fines and imprisonment for various cyber-crimes.

***Limitation Act, 1963***

The law relating to Law of Limitation to India is the Limitation Act, 1859 and subsequently Limitation Act, 1963 which was enacted on 5th of October, 1963 and which came into force from 1st of January, 1964 for the purpose of consolidating and amending the legal principles relating to limitation of suits and other legal proceedings. The basic concept of limitation is relating to fixing or prescribing of the time period for barring legal actions.

***The Competition Act, 2002***

The Competition Act, 2002 prohibits anti-competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. Combinations which are Likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act.

***The Consumer Protection Act, 1986***

The Consumer Protection Act (“COPRA”) aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services; price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provided for a three tier consumer grievance redressal mechanism at the national, state and district levels.



## OUR HISTORY AND CERTAIN CORPORATE MATTERS

### History and Background:

Our Company is founded and promoted by Mr. Faizal Bavaraparambil Abdul Khader, Mr. Bavaraparambil Abdhulkadher Hydrose, and our promoter group includes Ms. Sruthi Muhammed Ali, Ms. Arakkal Ayyoob Soumya, Mr. Pathukunju Parayankudy Abubacker, Mr. Bavaraparambil Ayyoob Abdul Khader, Mr. Anaz Abdul Khader Bavaraparambil in the year 2021 by way of conversion of a Partnership Firm named “Safa Systems & Solutions” and to continue the similar and related business activity in the name of the company. This was done to corporatize and build a professionally managed and Board driven organization.

Mr. Bavaraparambil Abdhulkadher Hydrose (Father of Mr. Faizal, Managing Director and Promoter) started his business journey in the year 1975 as a wholesale trader of Lemon, Arecanut and Spices etc. Later on he also ventured into manufacturing of Slippers and Plywoods.

Since the year 2002-03, the elder sons of Mr. B H Abdul Khader, Mr. Faizal B A also stepped into the business. Mr. Faizal B A, a commerce graduate and a person who once aspired to become a Chartered Accountant, dropped his CA ambitions to join the family business. Sooner His Brother Mr. Ayyoob B A also joined the family business, following his brother, and was supported by his youngest brother Mr. Anas B A who is a B.Tech Graduate also joined the business and they diversified into electronic and mobile equipment business. They formed a partnership firm “Safa System & Solutions” in 2012 having 7 family members as partners.

Safa Systems & Solutions started its business in the year 2012 as a new entrant in the field of telecommunication and its accessories. We were appointed as all Kerala distributor for Micromax Smartphones and the initial year turnover i.e. in the financial year 2012-13 was Rs.7.84 crores. In the financial year 2013-14, we crossed a turnover of Rs.51.24 Crores. In the year 2015, we also made an arrangement with Micromax for its Feature Phones distributions in the State of Kerala, and in the financial year 2014-15 and 2015-16, we crossed a net turnover of Rs.94.98 Crores and 90.90 crores respectively. In the Financial year 2016-17, our net turnover dropped to Rs.73.30 crores because of the brand issues with Micromax. Until then we were only dealing with the products of Micromax.

In the year 2017-18, we decided to create a portfolio of brands rather than sticking to one brand and we were looking forward to capture 25% to 30% of the Smartphones market size in the state of Kerala. In the same year we signed up with the brand OPPO and we crossed a net turnover of Rs.169.41 Crores.

In the financial year 2018-19 we signed up with more brands like Xiaomi, Vivo, LG, etc. and our net turnover was Rs.254.92 Crores. Further, In the Financial Year 2019-20 we also signed up with more brands like Huawei, Motorola, etc. and we crossed a net turnover of Rs.255.12 Crores.

In the Financial Year 2020-21 we signed up with the brand One Plus for the Kerala region. The net turnover in financial year 2020-21 dropped to Rs. 208.51 crores due to Covid-19, pandemic.

The journey from 2012 to date was quite remarkable and we felt the need to structure the business from partnership firm to corporate setup, unorganized to organized and well professionally managed organisation. Accordingly, the partnership firm was converted into Limited Company in the year 2021.

Presently, our company is in the business of distributorship of consumer durable products like Mobile phones, Mobile phone accessories, Tablets, LED TVs, Home appliances and wearable devises of various brands like Xiaomi, OPPO, TECNO, Micromax, One Plus in Kerala. The company works in B2B (Business to Business) model.

### Key Milestones

Year	Key Milestones
2012	“M/s. Safa Systems & Solutions” a partnership firm, was established by the Promoter & Promoter group of the Company and started the business of distributorship of consumer durable products.
2013	Achieved a turnover of Rs.7.84 crores.
2015	Made arrangement with Micromax for its Feature Phones distributions in the State of Kerala. Achieved a turnover of Rs.51.24 crores.
2017	Signed up with the brand OPPO and crossed a turnover of Rs.169.41 Crores
2018	Signed up with more brands like Xiaomi, Vivo, LG, etc. and our turnover was Rs.254.92 Crores.
2019	Signed up with more brands like Huawei, Motorola, etc. and our turnover was Rs.255.12 Crores
2021	Converted the Partnership firm i.e. M/s. Safa Systems & Solutions into a Public Limited Company. Signed up with the brand One Plus for the Kerala region. Opened a branch office and warehouse in Thane, Maharashtra. The company received ISO certification.

**Changes in registered office of our Company since incorporation:**

There is no change in the registered office of our company.

**Main Objects of our Company:**

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. This Company is being incorporated upon conversion of Safa Systems & Solutions, Partnership Firm situated at 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkara, Parambu, Ernakulam - 682028, Kerala, India, into Safa Systems & Technologies Limited.
2. To deal in the business of distribution of mobile phones, electronic gadgets, mobile phone accessories, computer and computer parts and other electronic media equipment.

**Amendments to the Memorandum of Association and Article of Association of our Company**

Sl. No.	Date of Amendments	Amendments
1	01/22/2021	Increase in Authorized Share Capital from ₹10.00 crores to ₹15.50 crores

**Capital raising (Debt / Equity)**

Except as set out in the sections titled “*Capital Structure*” and “*Financial Indebtedness*” beginning on page no 39 and 134 respectively of this draft prospectus, our Company has not raised any capital in the form of Equity Shares or debentures.

**Holding/Subsidiary/Joint Ventures of the Company**

Our company does not have any subsidiary or Joint Venture Company or associate company

**Injunction or restraining order**

Our Company is not operating under any injunction or restraining order.

**Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks**

There are no defaults or rescheduling of borrowings with financial institutions/banks in relation to our Company.

**Details regarding past performance of the company.**

For details in relation to our past financial performance in the previous 3 (three) financial years to the extent applicable, please refer to section titled “*Financial Statements as restated*” beginning on page no. 115 of this draft prospectus.

**Details regarding acquisition of business /undertakings, mergers, amalgamation, revaluation of assets etc.**

Except as mentioned in chapter “*Our History and Certain Corporate Matters*” beginning on page no. 97, there are no mergers, amalgamation, revaluation of assets etc. with respect to our Company as on the date of this draft prospectus.

**Changes in the activities of our Company during the last five (5) years**

Except as mentioned in chapter “*Our History and Certain Corporate Matters*” beginning on page no. 97, there have been no changes in the activity of our Company or erstwhile partnership firm during the last five (5) years to the extent applicable, preceding as on the date of this draft prospectus, which may have had a material effect on the profits or loss, including discontinuance of the lines of business, loss of agencies or markets and similar factors of our Company.

**Revaluation of Assets**

Our Company has not revalued its assets as on the date of this draft prospectus.

**Collaboration Agreements**

Our Company has not entered into any Collaboration Agreements as on the date of this draft prospectus.

**Shareholders Agreements**

Our Company has not entered into any shareholders agreement as on the date of this draft prospectus.

**Other Agreements**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business into more than two years before the date of filing of this draft prospectus.

**Non-Compete Agreement**

Our Company has not entered into any Non-compete Agreement as on the date of this draft prospectus.

**Strategic Partners**

Our Company does not have any strategic partners as on the date of this draft prospectus.

**Financial Partners**

Our Company does not have any financial partners as on the date of this draft prospectus.



## OUR MANAGEMENT

### Board of Directors

As per the Articles of Association, our Company is required to have not less than 3 (Three) directors and not more than 15 (Fifteen) Directors. Currently, our Company has 5 (Five) Directors on our Board. The detailed composition are as follows:

Sl. No.	Name of the Director	DIN	Designation	Date of Joining
1	Faizal Bavaraparambil Abdul Khader	07729191	Managing Director	21-09-2021
2	Sruthi Muhammed Ali	09237016	Whole-time Director	21-09-2021
3	Bavaraparambil Abdhulkadher Hydrose	01390977	Non-Executive Director	21-09-2021
4	Bengolan Anilkumar	09248528	Independent Director	06-12-2021
5	Sankaranarayanan Nair Sreejith	09250652	Independent Director	06-12-2021

The following table sets forth details regarding the Board of Directors as on the date of this draft prospectus:

Sl. No.	Particulars	Details
1	Name of the Director	<b>Faizal Bavaraparambil Abdul Khader</b>
	Father's Name	Bavaraparambil Abdhulkadher Hydrose
	Residential Address	Bavaraparambil House, AKG Vayanashala Road, Chakkarapambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
	Date of Birth	08/10/1979
	Age	42 Years
	Designation	Managing Director
	DIN	07729191
	Occupation	Business
	Nationality	Indian
	Qualification	C.A. (Intermediate)
	No. of Years of Experience	Please refer "Brief Biographies of Directors" as mentioned below
	Date of Appointment	21/09/2021
	Date of Change in Designation	08/12/2021
	Terms of Appointment	3 years i.e. from 08/12/2021 till 07/12/2024
Directorship in other companies	a. Safa Plywood Private Limited b. Safa Formulations Private Limited ( <i>Strike Off</i> ) c. Safa Future Ventures Private Limited ( <i>Strike Off</i> ) d. Kanone Technologies Private Limited	

Sl. No.	Particulars	Details
2	Name of the Director	<b>Sruthi Muhammed Ali</b>
	Husband's Name	Faizal Bavaraparambil Abdul Khader
	Residential Address	Padanattu Puthen Purayll House, Thengode PO, Edachira, Kakkanad S.O., Ernakulam, Kakkanad, Kerala 682030.
	Date of Birth	30/08/1983
	Age	38 Years
	Designation	Whole Time Director
	DIN	09237016
	Occupation	Business
	Nationality	Indian
	Qualification	Post Graduate in Planning & Entrepreneurship
	No. of Years of Experience	Please refer "Brief Biographies of Directors" as mentioned below
	Date of Appointment	21/09/2021
	Date of Change in Designation	08/12/2021
	Terms of Appointment	Liabile to retire by rotation
Directorship in other companies	Kanone Technologies Private Limited	



Sl. No.	Particulars	Details
3	Name of the Director	<b>Bavaraparambil Abdhulkadher Hydrose</b>
	Father's Name	Hydrose
	Residential Address	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
	Date of Birth	10/03/1953
	Age	67 Years
	Designation	Non-Executive Director
	DIN	01390977
	Occupation	Business
	Nationality	Indian
	Qualification	Under Graduate
	No. of Years of Experience	Please refer "Brief Biographies of Directors" as mentioned below
	Date of Appointment	21/09/2021
	Terms of Appointment	Liable to retire by rotation
Directorship in other companies	a. Safa Plywood Private Limited b. Safa Formulations Private Limited ( <i>Strike Off</i> )	

Sl. No.	Particulars	Details
4	Name of the Director	<b>Bengolan Anilkumar</b>
	Father's Name	Kunhikkolan Bengolan
	Residential Address	Mailadi Paramba House, Malappuram, Kerala-673638
	Date of Birth	21/08/1981
	Age	40 Years
	Designation	Independent Director
	DIN	09248528
	Occupation	Business
	Nationality	Indian
	Qualification	Bachelor of Business Administration
	No. of Years of Experience	Please refer "Brief Biographies of Directors" as mentioned below
	Date of Appointment	06/12/2021
	Terms of Appointment	For 5 Years
Directorship in other companies	Nil	

Sl. No.	Particulars	Details
5	Name of the Director	<b>Sankaranarayanan Nair Sreejith</b>
	Father's Name	Sankaranarayanan Nair
	Residential Address	Pisharath, Thuravoor, Valamangalam, Kerala-688532
	Date of Birth	21/04/1989
	Age	32 Years
	Designation	Independent Director
	DIN	09250652
	Occupation	Business
	Nationality	Indian
	Qualification	Bachelor of Commerce
	No. of Years of Experience	Please refer "Brief Biographies of Directors" as mentioned below
	Date of Appointment	06/12/2021
	Terms of Appointment	For 5 Years
Directorship in other companies	Nil	



### Brief profile of the Directors:

- Faizal Bavaraparambil Abdul Khader**, aged 42 is the son of Bavaraparambil Abdhulkadher Hydrose. He was pursuing Chartered accountancy and have qualified intermediate stages of chartered accountancy in the year 2002. He started his career in 2004 by taking over the family business and in 2012 he and his family together formed the partnership firm under the name Safa Systems & Solutions which does the distribution of telecommunication, electronics & IT Products. He is also a partner in Ina India Formulations which is a formaldehyde manufacturing unit which was acquired in the year 2018.
- Shruthi Muhammed Ali**, aged 38 is the wife of Faizal Bavaraparambil Abdul Khader, who has done her post graduate in Planning & Entrepreneurship. In 2012, she entered into partnership within the family business for distribution of Telecommunication, electronics & IT related products under the name Safa Systems & Solutions.
- Bavaraparambil Abdhulkadher Hydrose**, aged 67 years, started his career in the year 1975. The first business he undertook was wholesale trading of lemon, arecanut and spices, as a proprietorship concern. Thereafter in 1986, he started the business of manufacturing of Hawai Sheets used for the manufacture of Slippers. The Hawai Rubber sheets business flourished well and established reputation across the state of Kerala. This business helped Mr. B H Abdul Khader to learn about the various business opportunities across the country.

In the year 1990, with the experience gained over the last few years, Mr. Abdul Khader decided to venture into a new line of business, i.e., Veneer manufacturing and sales. As the experience and expertise in the wood and allied industries, Mr. Abdul Khader ventured into a new business- Manufacturing of Plywood. In the year 1995, Mr. B H Abdul Khader established “Safa Plywoods Pvt Ltd”.

In 2012 he and his family together formed the partnership firm under the name Safa Systems & Solutions which does the distribution of telecommunication, electronics & IT Products.

- Bengolan Anilkumar**, aged about 40 years is a Bachelor of Business Administration from Periyar University in the year 2012. He has over 9 years of experience in training and supervising sales staff, and planning and implementing sales strategies nationwide in various companies in the past. He has been appointed as Independent Director of the company considering his experience in the field of sales & marketing, which could add value and productivity to its sales & marketing team as well as the management.
- Sankaranarayanan Nair Sreejith**, aged about 32 years is a Commerce Graduate from the University of Kerala. Mr. Nair is having over 5 years of experience in Finance & Accounting, specifically, analyzing of cash flows, completing reports and financial statements, and performing in-depth financial market research. He Possess a well-developed analytical skill, and excellent time management abilities he has been appointed an Independent Director of the Company.

### Family Relationships between the Directors

None of the directors of our Company have family relationship except for the ones mentioned below:

Sr. No.	Name of the Director	Related to	Relationship
1	Bavaraparambil Abdhulkadher Hydrose	Faizal Bavaraparambil Abdul Khader	Father
2	Faizal Bavaraparambil Abdul Khader	Shruthi Muhammed Ali	Husband
3	Bavaraparambil Abdhulkadher Hydrose	Shruthi Muhammed Ali	Daughter-in-law

### Arrangements with major Shareholders, Customers, Suppliers or Others

There are no arrangements or understanding between major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a director or member of a senior management as on the date of this draft prospectus.

### Service Contracts

Our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

### Common directorships of the Directors in listed companies whose shares have been/were suspended from being trading on any of the Stock Exchange during his/her tenors for a period beginning from five (5) years prior to the date of this draft prospectus

None of the Directors are/were directors of any company whose shares were suspended from being trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years or to the extent applicable.

### Director’s association with the Securities Market

None of the Directors of our Company are associated with securities market.

**Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India**

None of the Directors are/were directors of any entity whose shares were delisted from any Stock Exchange(s). Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other Regulatory Authority.

**Borrowing Powers of the Board**

The Articles, subject to the provisions of Section 180(1)(c) of the Companies Act, 2013 authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The Board of Director vide the special resolution passed at the Extra Ordinary General Meeting dated December 6, 2021, allowed to borrow and that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs.100.00 crores (Rupees Hundred Crores only).

**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading:**

The provisions of regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the SME platform of BSE. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges. The Company Secretary & Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

**Policy for Determination of Materiality & Materiality of Related Party Transactions and on Dealing with Related Party Transactions:**

The provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 will be applicable to our Company immediately upon the listing of Equity Shares of our Company on SME Platform of BSE. We shall comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on listing of Equity Shares on the SME platform of BSE.

**Remuneration to Executive Directors**

The compensation payable to Executive Directors will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2 (54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force).

**Payment or benefit to Non-Executive Directors of Our Company**

Apart from the remuneration to Executive Directors, if any as provided, our Non-Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act, 2013 and the Rules made there under and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

**The details of the shareholding of our directors as on the date of this draft prospectus are as follows:**

Sl. No.	Name of the Shareholder	No. of Equity Shares	Percentage of Pre-Issue Capital (%)	Percentage of Post-Issue Capital (%)
1	Faizal Bavaraparambil Abdul Khader	28,84,000	26.03%	19.13%
2	Shruthi Muhammed Ali	15,50,450	14.00%	10.28%
3	Bavaraparambil Abdhulkadher Hydrose	1,81,250	10.66%	7.83%
	<b>Total</b>	<b>56,15,700</b>	<b>50.69%</b>	<b>37.25%</b>

**Interest of our Directors**

Our directors may be deemed to be interested to the extent of their remunerations paid to them for services rendered and with the reimbursement of expenses payable to them as mentioned above. For further details, please refer to section titled **“Our Promoters and Promoter Group”** beginning on page no. 109 of this draft prospectus.

Further, none of our directors have any interest in any property acquired by our Company within two (2) years of the date of this draft prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building. Further, except as disclosed under sub-section **“Shareholding of Directors in our Company”** above, none of our Directors hold any Equity Shares, Preference Shares or any other form of securities in our Company. Our directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue.

Other than as stated above and except as stated in the sections titled **“Financial Information as Restated”** and **“Our Promoters and Promoter Group”** beginning on pages 115 and 109 respectively of this draft prospectus, our Directors do not have any other interest in the business of our Company.



None of the relatives of our directors have been appointed to a place or office of profit in our Company other than mentioned elsewhere in the Draft prospectus. For further details, please refer to section titled **“Our Management – Remuneration to Executive Directors”** beginning on page 99 of this draft prospectus.

Our directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue. Some of the directors also hold directorships in Promoter Group and Group Entities of our Company.

Our directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this section **“Our Management”** or the section titled **“Financial Information - Related Party Transactions”** beginning on page no 99 and 133 respectively of this draft prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in the business of our Company.

**Changes in the Board of Directors of our Company in the last three (3) years or to the extent applicable are as follows:**

Name of Director	Date of Appointment	Date of Change of Designation	Date of cessation	Reason
Faizal Bavaraparambil Abdul Khader	21/09/2021	08/12/2021	-	Appointed as Managing Director of the Company
Sruthi Muhammed Ali	21/09/2021	08/12/2021	-	Appointed as Whole-time Director of the Company
Bengolan Anilkumar	06/12/2021	-	-	Appointed as Independent Director of the Company
Sankaranarayanan Nair Sreejith	06/12/2021	-	-	Appointed as Independent Director of the Company

**Other Confirmations:**

- None of our Directors are on the RBI List of willful defaulters as on the date of this draft prospectus.
- None of our Promoters or Directors of our Company are a fugitive economic offender.
- Further, none of our directors are or were directors of any listed company whose shares.
  - (a) have been or were suspended from trading on any of the stock exchanges during the five years prior to the date of filing this draft prospectus or.
  - (b) delisted from the stock exchanges.
- None of the Promoters, persons forming part of our Promoter Group, our directors or persons in control of our Company or our Company are debarred from accessing the capital market by SEBI.
- None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- In respect of the track record of the directors, there have been no criminal cases filed or investigations being undertaken with regard to alleged commission of any offence by any of our directors and none of our directors have been charge-sheeted with serious crimes like murder, rape, forgery, economic offence etc.



## Corporate Governance

The provisions of the Listing Regulations with respect to corporate governance will also be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchange. We are in compliance with the requirements of the applicable regulations, including the SEBI (LODR) Regulations, the SEBI (ICDR) Regulations and the Companies Act, 2013 in respect of corporate governance including constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific functions. In compliance with the requirements of the Companies Act and the SEBI (LODR) Regulations, to the extent applicable our Board of Directors consists of 5 (Five) Directors (including one-woman Director).

We have One (1) Managing Director, One (1) Whole-time Woman Director, One (1) Non-Executive Non-Independent Director and Two (2) Independent Directors, which is in compliance with the requirements of Companies Act, 2013 and SEBI (LODR) Regulations.

## COMMITTEES OF OUR BOARD

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

### ○ *Audit Committee*

*As per section 177 of the Companies Act, 2013, The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee. The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority: Provided that majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand, the financial statement.*

Our Audit Committee was constituted pursuant to a resolution of our Board Meeting dated December 08, 2021. The Audit Committee comprises of:

Name of Director	Status in Committee	Nature of Directorship
Bengolan Anilkumar	Chairman	Non-executive Independent Director
Sankaranarayanan Nair Sreejith	Members	Non-executive Independent Director
Bavaraparambil Abdhulkadher Hydrose	Members	Non-executive Director

The Company Secretary of the Company shall act as the Secretary of the Audit Committee.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

A. **Powers of Audit Committee:** The Audit Committee shall have powers, including the following:

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

B. **Role of Audit Committee:** The role of the Audit Committee shall include the following:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 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 draft 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;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;



- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- 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;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 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 the date of coming into force of this provision.]
- monitoring the end use of funds raised through public offers and related matters.
- carrying out any other function as is mentioned in the terms of reference of the audit committee.

Further, the Audit Committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations: (a) half yearly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); (b) annual statement of funds utilized for purposes other than those stated in the draft prospectus/notice in terms of Regulation 32(5).

As required under Regulation 18 of the SEBI (LODR) Regulations, the Audit Committee shall meet at least four times in a year, and not more than one hundred and twenty days shall elapse between two meetings. The quorum of the meeting shall be either two members present, or one-third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

#### ○ **Stakeholders' Relationship Committee**

*As per section 178 (5) of the Companies Act, 2013, The Board of Directors of a Company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board*

Our Stakeholders' Relationship Committee was constituted pursuant to a resolution of our Board Meeting dated December 08, 2021. The Stakeholders' Relationship Committee comprises of:

Name of Director	Status in Committee	Nature of Directorship
Bavaraparambil Abdhulkadher Hydrose	Chairman	Non-executive Director
Faizal Bavaraparambil Abdul Khader	Member	Managing Director
Bengolan Anilkumar	Member	Non-executive Independent Director

The Company Secretary of the Company shall act as the Secretary of the Stakeholders' Relationship Committee.

#### **Role of the Stakeholders Relationship Committee**

- Resolving the grievances of the security holders of the listed entity 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;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and



- To carry out any other function as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time.”

As required under Regulation 20 of the SEBI (LODR) Regulations, the Stakeholders’ Relationship Committee shall meet at least once in a year.

○ **Nomination and Remuneration Committee**

*As per section 178 (1) of the Companies Act, 2013, The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors: Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.*

Our Nomination and Remuneration Committee was constituted pursuant to a resolution of our Board Meeting dated December 08, 2021. The Nomination and Remuneration Committee comprises of:

Name of Director	Status in Committee	Nature of Directorship
Mr. Sankaranarayanan Nair Sreejith	Chairman	Non-executive Independent Director
Mr. Bengolan Anilkumar	Member	Non-executive Independent Director
Mr. Bavaramparambil Abdhulkadher Hydrose	Member	Non-executive Independent Director

The Company Secretary of the Company shall act as the Secretary of the Nomination and Remuneration Committee.

**Role of the Nomination and Remuneration Committee**

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with the Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Set forth below are the role of our Nomination and Remuneration Committee.

- 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;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- 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.
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance].
- The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

As required under Regulation 19 of the SEBI (LODR) Regulations, the Nomination and Remuneration Committee shall meet at least once in a year. The quorum for a meeting shall be either two members present, or one-third of the members of the, whichever is greater, provided that there should be a minimum of one independent directors present.

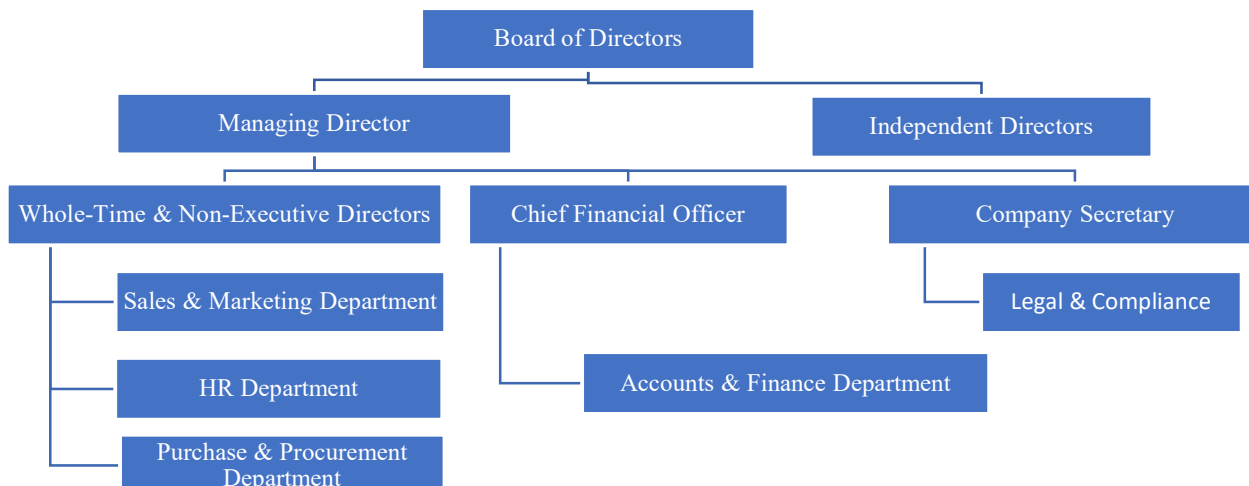
○ **Corporate Social Responsibility Committee:**

*As per section 135 (1) of the Companies Act, 2013, Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.*

The Corporate Social Responsibility committee is not applicable to our company till the date of this draft prospectus. We will comply with the requirement as and when the CSR is applicable to us.



## Management Organizational Structure



### Our Key Managerial Personnel

The details of the Key Managerial Personnel as on the date of this draft prospectus are set out below. All the Key Managerial Personnel's are permanent employees of our Company. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

Name of Director	Status in Committee	Nature of Directorship
Faizal Bavaraparambil Abdul Khader	Members	Managing Director
Shruthi Muhammed Ali	Members	Whole-time Director
Harikrishnan Raghunathan Nair	-	Chief Financial Officer
Pushpita Dasgupta	-	Company Secretary

1. **Mr. Faizal Bavaraparambil Abdul Khader, Managing Director**, for details please refer section titled **“Our Management”** beginning at page no 99 of this Draft Prospectus.
2. **Mrs. Shruthi Muhammed Ali, Whole-time Director**, for details please refer section titled **“Our Management”** beginning at page no 99 of this Draft Prospectus.
3. **Mr. Harikrishnan Raghunathan Nair, Chief Financial Officer**, is an MBA in (Finance & Systems) from Bharathiar University, Coimbatore in the year 2006. BCA (Accounts & Systems) from M S University, Thirunelveli in the year 2004 and a Qualified ICWAI (CMA) from Statutory Body under an act of parliament Kolkata in the year 2016. He has an experience of over 13 years in the field of accounts and Finance. He has a specialized excellence in all areas of finance including analytical skills, with the ability to examine and understand business needs and deliver comprehensive reports for external groups. He has a Strong collaborative skill with experience.
4. **Ms. Pushpita Dasgupta, Company Secretary & Compliance officer**, is a Law graduate from University of Lucknow in the year 2019 and a Commerce Graduate from National PG College, Lucknow in the year 2016. She has qualified from the Institute of Company Secretaries of India on and working in the field of legal compliance since the year, 2019. She is responsible to ensure that a company complies and operates in accordance with statutory and legal provisions. Experience of attending meetings with company' shareholders and the board of directors and acting as a point of communication between them. She has a decent knowledge of corporate regulations and company rules.

### Status of Key Management Personnel in our Company

All our key managerial personnel are permanent employees of our Company. The term of office of our key managerial personnel is until the attainment of 70 years of age.

### Shareholding of Key Management Personnel in our Company

Mr. Faizal Bavaraparambil Abdul Khader (Managing Director & Promoter of our company) is holding 28,84,000 number of Equity Shares in the Company and Mrs. Shruthi Muhammed Ali (Whole-time Director & Promoter of our company) is holding 15,50,450 number of Equity Shares in the company. None of the other Key Management Personnel holds Equity Shares in our Company as on the date of this draft prospectus.



### **Bonus or profit-sharing plan of the Key Managerial Personnel**

Our Company does not have a performance linked bonus or a profit-sharing plan for the Key Management Personnel. However, our Company pays incentive to all its employees based on their performance including the Key Managerial Personnel's of our Company.

### **Interests of Key Management Personnel**

Except as mentioned above in this draft prospectus, the Key Management Personnel do not have any interest in our Company, other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

### **Payment of Benefits to Officers of our Company (non-salary related)**

Except as disclosed in this draft prospectus and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated under section titled "*Financial Information as Restated*" beginning on page no 115 of this draft prospectus, none of the beneficiaries of loans and advances or sundry debtors are related to our Company, our Directors or our Promoter.

### **Relationship amongst the Key Managerial Personnel of our Company**

Mrs. Shruthi Muhammed Ali is wife of Mr. Faizal Bavaraparambil Abdul Khader. Except this, there is no family relationship amongst the Key Managerial Personnel of our Company.

### **Relationship between the Directors and Key Managerial Personnel**

There are no family relationships between the Directors and Key Managerial Personnel of our Company other than mentioned elsewhere in the Draft prospectus.

### **Arrangement and Understanding with Major Shareholders/Customers/ Suppliers**

None of the above Key Managerial Personnel have been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

### **Details of Service Contracts of the Key Managerial Personnel**

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

### **Employee Stock Option or Employee Stock Purchase**

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this draft prospectus.

### **Loans availed by Directors / Key Managerial Personnel of our Company**

None of the Directors or Key Managerial Personnels have availed loan from our Company which is outstanding as on the date of this draft prospectus.

### **Changes in Our Company's Key Managerial Personnel during the last three (3) years**

The changes in the Key Managerial Personnel of our Company in the last three (3) years or to the extent applicable are as follows:

No.	Name of the Key Managerial Personnel & Designation	Date of Appointment	Date of Resignation	Reason
1	Faizal Bavaraparambil Abdul Khader	21/09/2021	08/12/2021	Appointed as Managing Director of the Company
2	Sruthi Muhammed Ali	21/09/2021	08/12/2021	Appointed as Whole-time Director of the Company
3	Harikrishnan Raghunathan Nair	03/12/2021	-	Appointed as Chief Financial Officer of the Company
4	Pushpita Dasgupta	03/12/2021	-	Appointed as Company Secretary of the Company





## OUR PROMOTERS AND PROMOTER GROUP

### 1. Our Promoters:

Our Promoters are (i) Mr. Faizal Bavaraparambil Abdul Khader and (ii) Mr. Bavaraparambil Abdhulkadher Hydrose. As on the date of this draft prospectus, our Promoters jointly hold 40,65,250 Equity Shares which in aggregate, constitutes 36.70% of the pre issued paid-up Equity Share capital of our Company.

#### (i) Details of Individual Promoters of our Company

	<p><b>Mr. Bavaraparambil Abdhulkadher Hydrose</b>, aged 67 years, is the Founder Promoter and Managing Director of the company. For further personal details, please also refer to section titled <b>“Our Management”</b> and <b>“Group Entities of our Company”</b> beginning on page 99 and 112 respectively of this draft prospectus.</p>
<b>Name of Promoter</b>	Bavaraparambil Abdhulkadher Hydrose
<b>Father’s Name</b>	Hydrose
<b>Date of Birth</b>	10/03/1953
<b>Qualification</b>	Under Graduate
<b>Occupation</b>	Business
<b>Nationality</b>	Indian
<b>Address</b>	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
<b>Permanent Account No.</b>	AAZPA9877G
<b>Aadhar Card No.</b>	██████████
<b>Driving License No.</b>	KL07 19880005290
<b>Passport No.</b>	N9070090

	<p><b>Mr. Faizal Bavaraparambil Abdul Khader</b> aged 42 is the son of Bavaraparambil Abdhulkadher Hydrose is one of the Founder Promoters and Executive Director of the company. For further personal details, please also refer to section titled <b>“Our Management”</b> and <b>“Group Entities of our Company”</b> beginning on page 99 and 112 respectively of this draft prospectus.</p>
<b>Name of Promoter</b>	Mr. Faizal Bavaraparambil Abdul Khader
<b>Father’s Name</b>	Mr. Bavaraparambil Abdhulkadher Hydrose
<b>Date of Birth</b>	08/10/1979
<b>Qualification</b>	CA Intermediate
<b>Occupation</b>	Business
<b>Nationality</b>	Indian
<b>Address</b>	Bavaraparambil House, AKG Vayanashala Road, Chakkaraparambu, Kochi, Poonithura, Ernakulam, Kerala 682032.
<b>Permanent Account No.</b>	AAYPF4862B
<b>Aadhar Card No.</b>	██████████
<b>Election Card No.</b>	BXD1254366
<b>Passport No.</b>	N6986510

*Our Company confirms that it will submit the details of the PAN, Bank Account Number, Passport and Aadhar Card of our Promoters to BSE separately at the time of filing the draft prospectus.*



**(ii) Details of Body Corporate Promoters of our Company:**

We don't have any Body Corporate Promoters

**Other Information related to Our Company:**

***Interests of our Promoters:***

Our Promoters are interested in our Company to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters' shareholding, please refer to section titled "***Capital Structure***" beginning on page 39 of this draft prospectus. Further, our promoters may also be interested to the extent they are Directors on our Board. For further information on remuneration to the Executive Directors, please refer to section titled "***Our Management***" beginning on page 99 of this draft prospectus.

Our Promoters have not entered into any contract, agreements or arrangements in which our 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 including the properties purchased by our Company other than in the normal course of business.

None of our Promoters or Group Entities have any interest in any property acquired by our Company within two (2) years of the date of this draft prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

***Interest of Promoters in Sales and Purchases:***

There are no sales/purchases between our Company and our Group Entity other than as stated in the section titled "***Financial Information - Related Party Transactions***". For further details, please refer to section titled "***Financial Information - Related Party Transactions***" beginning on page no. 133 of this draft prospectus.

***Confirmations:***

Our Company hereby confirms that:

- None of our Promoters have been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past nor any pending against them.
- None of our Promoters, Promoter Group or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

***Payment or benefits to the Promoters in the last two (2) years:***

No payment or benefit has been made to the Promoters except as disclosed in the related party transaction. For further details, please refer to section titled "***Financial Information - Related Party Transactions***" beginning on page no. 133 of this draft prospectus.

***Disassociation by the Promoters from entities in last three (3) years:***

Mr. Faizal has disassociated from Kanone Motors Private Limited on 16/08/2021. Except this no directors has been disassociated from entities in last 3 years.

***Litigation details pertaining to our Promoters:***

For details on litigations and disputes pending against the Promoters and defaults made by our Promoters please refer to section titled "***Outstanding Litigations and Material Developments***" beginning on page no. 141 of this draft prospectus.



## 2. Our Promoter Groups:

In compliance with SEBI Guideline, “**Promoter Group**” pursuant to the regulation 2(1)(pp) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we confirm that following persons are part of promoter group:

### A) The promoter;

Sl. No.	Name of the Promoters
1	Mr. Bavaramparambil Abdhulkadher Hydrose
2	Mr. Faizal Bavaramparambil Abdul Khader

### B) Natural persons i.e., an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse);

Relationship	Mr. Bavaramparambil Abdhulkadher Hydrose	Mr. Faizal Bavaramparambil Abdul Khader
<b>Father</b>	Late Mr. Hydrose	Mr. Bavaramparambil Abdhulkadher Hydrose
<b>Mother</b>	Late Mrs. Pathu	Mrs. Pathukunju Parayankudy Abubacker
<b>Spouse</b>	Mrs. Pathukunju Parayankudy Abubacker	Mrs. Sruthi Muhammed Ali
<b>Brother</b>	Late. B.H Mammi, Late B.H Haneefa, B.H Hamsa	Mr. Bavaramparambil Ayyoob Abdul Khader, Mr. Anaz Abdul Khader Bavaramparambil,
<b>Sister</b>	Late. Rukhiya B.H, Subaida B. H., Rasheeda B.H., Umaiba B. H.	Suhara Abdul Khader
<b>Son</b>	Mr. Faizal Bavaramparambil Abdul Khader, Mr. Bavaramparambil Ayyoob Abdul Khader, Mr. Anaz Abdul Khader Bavaramparambil	Muhammed Haroon, Humayoon Faizal
<b>Daughter</b>	Suhara Abdul Khader	Hamna Faizal
<b>Spouse’s Father</b>	Late. Abubacker	P.I Muhammad Ali
<b>Spouse’s Mother</b>	Late. Atta	Sayeeda Beevi
<b>Spouse’s Brothers</b>	P. A. Alikunju, Subair P. A., Abdul Hakeem P.A., Abdul Salam P.A.	Manzoor Kidhwai
<b>Spouse’s Sisters</b>	Ramla Hassan, Subaida, Ayshu Kunju	Laya Muhammed Ali

### C) In case promoter is a body corporate: - Not Applicable

Nature of Relationship	Entity
Subsidiary or holding company of Promoter Company.	N. A.
Any Body corporate in which promoter (Body Corporate) holds 20% or more of the equity share capital or which holds 20% or more of the equity share capital of the promoter (Body Corporate).	N. A.

### D) In case the promoter is an individual:

Nature of Relationship	Entity and Relation
Any Body Corporate in which 20% or more of the equity share capital is held by promoter or an immediate relative of the promoter or a firm or HUF in which promoter or any one or more of his immediate relatives is a member.	Safa Plywoods Private Limited Kanone Technologies Private Limited Safa Formulations Private Limited ( <i>Strike Off</i> ) Safa Future Ventures Private Limited ( <i>Strike Off</i> )
Any Body corporate in which Body Corporate as provided above holds 20% or more of the equity share capital.	Nil
Any Hindu Undivided Family or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than twenty percent of the total capital.	INA India Formulations (Partnership Firm) Kanone Plywoods (Partnership Firm) Safa Polymers (Partnership Firm)

### E) All persons whose shareholding is aggregated under the heading "shareholding of the promoter group":

Sl. No.	Name of shareholders under promoter group
1	Sruthi Muhammed Ali
2	Arakkal Ayyoob Soumya
3	Pathukunju Parayankudy Abubacker
4	Bavaramparambil Ayyoob Abdul Khader
5	Anaz Abdul Khader Bavaramparambil
6	Safa Plywoods Pvt. Ltd.



## GROUP ENTITIES OF OUR COMPANY

In compliance with SEBI Guideline, “*Group Companies/Entities*” pursuant to the regulation 2(1)(t) of SEBI (ICDR) Regulations, 2018, shall include companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards and also other companies as are considered material by the Board.

Based on the above, the following are our Group Entities (Companies which are no longer associated with our Company have not been disclosed as Group Companies): -

1. Safa Plywoods Private Limited

The brief details of above are as under:

### *1) SAFA PLYWOODS PRIVATE LIMITED*

<b>Name of the Company</b>	<b>Safa Plywoods Private Limited</b>		
<b>Category</b>	Unlisted Private Company		
<b>Name of Director</b>	Mr. Faizal Bavaraparambil Abdul Khader Mr. Bavaraparambil Abdhulkadher Hydrose Mr. Bavaraparambil Ayyoob Abdul Khader Mr. Anaz Abdul Khader Bavaraparambil		
<b>Brief Description and nature of activity or Business</b>	Manufacturing and Trading of Plywoods		
<b>Date of Incorporation</b>	09/11/1995		
<b>CIN</b>	U20211KL1995PTC009616		
<b>PAN</b>	AAFCS9742M		
<b>Registered Office Address</b>	1/179, Near Industrial Development Area, Ermathala, Aluva, Kerala – 683112, India		
<b>Audited Financial Information (in ₹)</b>			
<b>Particulars</b>	<b>FY 2020-21</b>	<b>FY 2019-20</b>	<b>FY 2018-19</b>
<b>Share Capital</b>	25.00	25.00	25.00
<b>Reserves and Surplus</b>	110.53	91.70	63.49
<b>Net worth</b>	<b>135.53</b>	<b>116.70</b>	<b>88.49</b>
<b>Total Revenue</b>	<b>1504.94</b>	<b>1478.01</b>	<b>900.75</b>
<b>Profit/(Loss) after tax</b>	18.835	28.21	9.14
<b>Earnings per share (face value of ₹ 100/- each)</b>	75.32	112.84	36.56
<b>Net asset value per share (face value of ₹ 100/- each)</b>	542.12	466.80	353.96



## RELATED PARTY TRANSACTIONS

For details on related party transactions (As per the requirement under Accounting Standard 18 “Related Party Disclosure” issued by ICAI) of our Company during the restated audit period as mentioned in this draft prospectus i.e., for the period ended on October 07, 2021 and financial year ended on 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 please refer to Section titled, **Financial Information - Related Party Transactions**, beginning on page 133 of this draft prospectus.



## DIVIDEND POLICY

Our Company does not have any formal dividend policy for the equity shares. Our Company can pay Final dividends upon a recommendation by Board of Directors and approval by majority of the members at the Annual General Meeting subject to the provisions of the Articles of Association and the Companies Act, 2013. The Members of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The Articles of Association of our Company also gives the discretion to Board of Directors to declare and pay interim dividends.

The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both which shall be arrived at after providing for depreciation in accordance with the provisions of Companies Act, 2013. The declaration and payment of dividend will depend on a number of factors, including but not limited to the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions, contractual obligations and restrictions, restrictive covenants under the loan and other financing arrangements to finance the various projects of our Company and other factors considered relevant by our Board of Directors.

Our Company has not declared any dividend on the Equity Shares for the period covered in Restatement of Accounts as per our Restated Financial Statements.



## SECTION IX: FINANCIAL INFORMATION AS RESTATED

The separate audited financial statements for the past financial years immediately preceding the date of the Draft prospectus of our Company have been made available on the website of the Company at [www.sssinfo.in](http://www.sssinfo.in)

### Independent Auditor's Report on Restated Financial Statements OF "Safa Systems & Technologies Limited"

To,  
**The Board of Directors**  
**Safa Systems & Technologies Limited**  
(Formerly known as 'Safa Systems & Solutions')  
Behind Holdiday Inn, Door No 46/2631 B,  
Safa Arcade, Chakkararambu, Kaniyapilly Road,  
Vennala, Kochi 682028

1. We have examined the attached restated standalone financial information of "**Safa Systems & Technologies Limited**" (Formerly known as 'Safa Systems & Solutions', Partnership Firm) (hereinafter referred to as "the Company" or "the Issuer") comprising the restated statement of assets and liabilities as at 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019, restated statement of profit and loss and restated cash flow statement for the financial period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 and the summary statement of significant accounting policies and other explanatory information (collectively referred to as the "**restated standalone financial information**" or "**restated standalone financial statements**") annexed to this report and initialed by us for identification purposes. These Restated Standalone Financial Statements have been prepared by the management of the Company and approved by the board of directors at their meeting in connection with the proposed Initial Public Offering on SME Platform ("**IPO**" or "**SME IPO**") of BSE Limited ("**BSE**") of the company.
2. These restated summary statements have been prepared in accordance with the requirements of:
  - (i) Section 26 of Part – I of Chapter III of Companies Act, 2013 (the "**Act**") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR Regulations**") and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India ("**SEBI**");
  - (iii) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**Guidance Note**")
3. The Company's Board of Directors is responsible for the preparation of the Restated Standalone Financial Statements for inclusion in the Draft Prospectus/Prospectus to be filed with Securities and Exchange Board of India ("**SEBI**"), SME platform of BSE Limited ("**BSE**") and Registrar of Companies (Ernakulam, Kerala) in connection with the proposed IPO. The Restated Standalone Financial Statements have been prepared by the management of the Company on the basis of preparation stated in Annexure IV to the Restated Standalone Financial Statements. The responsibility of the board of directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Statements. The board of directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
4. We have examined such Restated Standalone Financial Statements taking into consideration:
  - (i) The terms of reference and terms of our engagement letter requesting us to carry out the assignment, in connection with the proposed SME IPO;
  - (ii) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - (iii) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Statements;
  - (iv) 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.



5. The Restated Standalone Financial Statements of the Company have been compiled by the management from:
- (i) Proforma financial statements as at and for the period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019. The proforma financial statements have been prepared by making adjustments for Indian GAAP as applicable to corporates to the audited financial statements for the above mentioned period/year which was prepared as per Indian GAAP as applicable to non-corporates and which have been approved by the board of directors.
  - (ii) Audit for the financial period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 was conducted by M/s Mathew & Jose, Chartered Accountants, Statutory Auditor. There are no audit qualifications in the audit reports issued by the statutory and tax auditors for the financial period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 which would require adjustments in the Restated Standalone Financial Statements of the Company. The financial report included for these period/years is based solely on the report submitted by them.
  - (iii) The audit was conducted by the company's previous Auditor, and accordingly reliance has been placed on the financial statement examined by them.
  - (iv) We have Re-audited the Financial statements of the company in accordance with applicable standard as required under the SEBI ICDR regulations for the financial year ended March 31, 2021 prepared in accordance with the Indian Accounting Standards (Indian GAAP) which have been approved by the Board of Directors
  - (v) Based on our examination and according to information and explanations given to us, we are of the opinion that the Restated Standalone Financial Statements:
    - a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019.
    - b) do not require any adjustment for modification as there is no modification in the underlying audit reports;
    - c) there are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
    - d) have been prepared in accordance with the Act, ICDR Regulations and Guidance Note.
    - e) Adequate disclosure has been made in the financial statements as required to be made by the issuer as per schedule III of the Companies Act, 2013.
    - f) The accounting standards prescribed under the Companies act, 2013 have been followed.
    - g) The financial statements present a true and fair view of the firm's accounts.
  - (vi) In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and engagement letter, we report that:
    - a) The **"Restated Summary Statement of Assets and Liabilities"** as set out in **Annexure I** to this report, of the Company as at 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 are prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV** to this Report.
    - b) The **"Restated Summary Statement of Profit and Loss"** as set out in **Annexure II** to this report, of the Company for the period ended on 7 October 2021 and financial years ended on 31 March 2021, 31 March 2020 and 31 March 2019 are prepared by the Company and approved by the Board of Directors. These Restated summary Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV** to this Report.
    - c) The **"Restated Summary Statement of Cash Flow"** as set out in **Annexure III** to this report, of the Company for the period ended on 7 October 2021 and financial years ended on 31 March 2021, 31 March 2020 and 31 March 2019 are prepared by the Company and approved by the Board of Directors. These



Restated summary Statement of Cash Flow have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV** to this Report.

(vii) We have also examined the following other financial information relating to the Company prepared by the management and approved by the board of directors of the Company and annexed to this report relating to the Company for the financial period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 proposed to be included in the Draft Prospectus / Prospectus (“**Offer Document**”).

<b>Annexure No.</b>	<b>Particulars</b>
<b>I</b>	<b>Restated Statement of Assets &amp; Liabilities</b>
I.1	Restated Statement of Share Capital
I.2	Restated Statement of Reserves & Surpluses
I.3	Restated Statement of Long-Term Borrowings
I.4	Restated Statement of Deferred Tax Liabilities/Assets
I.5	Restated Statement of Short-Term Borrowings
I.6	Restated Statement of Trade Payable
I.7	Restated Statement of Other Current Liabilities
I.8	Restated Statement of Short-Term Provisions
I.9	Restated Statement of Fixed Assets & Depreciations
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- (viii) We, M/s. Kapish Jain & Associates, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI.
- (ix) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by any other firm of chartered accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- (x) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- (xi) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Document in connection with the proposed SME IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Kapish Jain & Associates**,  
Chartered Accountants,  
Firm Registration No: 022743N

S/d-  
**CA Kapish Jain**  
Partner  
Membership No: 514162

Place: New Delhi  
Date: 31 December 2021  
UDIN 21514162AAAALG2175



**ANNEXURE - I**  
**STATEMENT OF ASSETS & LIABILITIES, AS RESTATED**

Particulars	Annexure No.	As on			
		07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Equity &amp; Liabilities</b>					
<b>1. Shareholders Fund</b>					
a) Share capital (Partners Capital Account)	I.1	8,43,75,000	8,43,75,000	8,43,75,000	8,17,37,080
b) Reserves and surplus	I.2	-	-	-	-
<b>Total Shareholder's Fund</b>		<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,17,37,080</b>
<b>2. Non Current Liabilities</b>					
a) Long Term Borrowings	I.3	7,49,65,235	8,89,07,925	5,09,04,787	1,99,24,692
b) Deferred Tax Liability	I.4	-	-	85,923	1,77,156
<b>Total Non Current Liabilities</b>		<b>7,49,65,235</b>	<b>8,89,07,925</b>	<b>5,09,90,710</b>	<b>2,01,01,848</b>
<b>3. Current Liabilities</b>					
a) Short Term Borrowings	I.5	21,71,53,678	20,10,86,806	20,46,48,532	18,42,21,741
b) Trade Payables	I.6	5,90,98,367	11,26,83,265	6,03,13,906	9,36,20,106
c) Other Current Liabilities	I.7	1,01,83,094	11,24,200	11,81,900	50,61,546
d) Short Term Provisions	I.8	10,37,325	11,06,877	11,62,265	33,27,034
<b>Total Current Liabilities</b>		<b>28,74,72,464</b>	<b>31,60,01,148</b>	<b>26,73,06,603</b>	<b>28,62,30,427</b>
<b>Total Equity &amp; Liability</b>		<b>44,68,12,699</b>	<b>48,92,84,073</b>	<b>40,26,72,313</b>	<b>38,80,69,355</b>
<b>4. Non-Current Assets</b>					
a) Fixed Assets	I.9				
- Tangible Assets		67,12,595	74,44,668	89,18,299	1,04,63,934
- Intangible Assets		15,370	15,370	19,331	1,16,673
- Work-In-Progress		-	-	-	-
<b>Total Fixed Assets</b>					
b) Non - current Investments	I.10	-	-	-	-
c) Deferred Tax Assets (Net)	I.4	1,11,363	11,838	-	-
d) Long Term Loans and Advances	I.11	2,09,65,000	8,15,000	8,15,000	11,15,000
e) Other Non- current Assets	I.12	1,57,50,000	1,65,20,750	1,15,85,000	1,23,75,200
<b>Total Non Current Assets</b>		<b>4,35,54,328</b>	<b>2,48,07,626</b>	<b>2,13,37,630</b>	<b>2,40,70,807</b>
<b>5. Current assets</b>					
a) Inventories	I.13	9,77,31,155	12,71,22,206	5,84,17,788	2,91,41,625
b) Trade Receivables	I.14	27,17,23,167	30,75,63,898	23,27,89,279	26,14,23,782
c) Cash and Cash Equivalent balances	I.15	40,34,809	37,43,275	5,59,53,847	2,99,18,084
d) Short Term Loans and advances	I.16	2,23,31,850	1,93,48,754	3,27,16,377	3,96,37,994
e) Other Current Assets	I.17	74,37,390	66,98,314	14,57,392	38,77,063
<b>Total Current Assets</b>		<b>40,32,58,371</b>	<b>46,44,76,447</b>	<b>38,13,34,683</b>	<b>36,39,98,548</b>
<b>Total Assets</b>		<b>44,68,12,699</b>	<b>48,92,84,073</b>	<b>40,26,72,313</b>	<b>38,80,69,355</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV & V respectively.



**ANNEXURE - II**  
**STATEMENT OF PROFIT & LOSS, AS RESTATED**

Particulars	Annexure No.	For the Period / Year ended on			
		07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Income</b>					
Revenue from Operations	II.1	1,45,12,78,691	2,08,50,59,139	2,55,11,68,991	2,54,92,48,601
Other Income	II.2	6,42,882	15,49,556	10,85,678	81,74,762
<b>Total Revenue</b>		<b>1,45,19,21,573</b>	<b>2,08,66,08,695</b>	<b>2,55,22,54,669</b>	<b>2,55,74,23,363</b>
<b>Expenditure</b>					
Cost of Material Consumed	II.3	1,41,83,95,768	2,04,06,47,047	2,47,74,06,149	2,49,11,10,377
Change in Inventories	II.4	-	-	-	-
Employee Benefit Expenses	II.5	94,64,272	1,30,69,245	1,95,04,534	2,56,44,069
Other Expenses	II.6	73,34,975	95,50,523	2,33,12,448	1,80,39,003
<b>Total Expenses</b>		<b>1,43,51,95,015</b>	<b>2,06,32,66,815</b>	<b>2,52,02,23,131</b>	<b>2,53,47,93,449</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>1,67,26,558</b>	<b>2,33,41,880</b>	<b>3,20,31,538</b>	<b>2,26,29,914</b>
Depreciation & Amortisation Expenses	I.9	7,32,073	14,77,592	16,42,977	17,18,582
<b>Profit Before Interest and Tax</b>		<b>1,59,94,485</b>	<b>2,18,64,288</b>	<b>3,03,88,561</b>	<b>2,09,11,332</b>
Financial Charges	II.7	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
<b>Profit before Taxation</b>		<b>36,70,718</b>	<b>39,43,683</b>	<b>41,91,196</b>	<b>70,83,017</b>
Provision for Taxation	II.8	10,37,325	11,06,877	11,62,265	33,27,034
Provision for Deferred Tax		(99,525)	(97,761)	(91,233)	1,77,156
<b>Total</b>		<b>9,37,800</b>	<b>10,09,116</b>	<b>10,71,032</b>	<b>35,04,190</b>
<b>Profit After Tax but Before Extra ordinary Items</b>		<b>27,32,918</b>	<b>29,34,567</b>	<b>31,20,164</b>	<b>35,78,827</b>
Extraordinary Items		-	-	-	-
Profit Attributable to Minority Shareholders		-	-	-	-
<b>Net Profit after adjustments</b>		<b>27,32,918</b>	<b>29,34,567</b>	<b>31,20,164</b>	<b>35,78,827</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV & V respectively.



**ANNEXURE - III**  
**STATEMENT OF CASH FLOW, AS RESTATED**

PARTICULARS	For the Period / Year ended on			
	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Tax as per Profit & Loss A/c	36,70,718	39,43,683	41,91,196	70,83,017
Adjusted for :				
a. Depreciation	7,32,073	14,77,592	16,42,977	17,18,582
b. Interest Expenses & Finance Cost	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
c. Other Adjustments	-	-	-	-
d. Interest & Other Income	(6,42,882)	(15,49,556)	(10,85,678)	(81,74,762)
<b>Operating profit before working capital changes</b>				
Adjusted for :				
a. Decrease /(Increase) in Inventories	2,93,91,051	(6,87,04,418)	(2,92,76,163)	4,90,70,286
b. Decrease / ( Increase ) in Trade Receivable	3,58,40,731	(7,47,74,619)	2,86,34,503	(5,03,93,787)
c. Decrease / ( Increase ) in Loans and Advances	(2,65,57,560)	87,74,296	7,16,869	6,81,66,478
d. Decrease / ( Increase ) in Other Assets	7,02,899	(1,03,40,879)	7,79,563	50,52,362
e. Increase / ( Decrease ) in Trade Payables	(5,35,84,898)	5,23,69,359	(3,33,06,200)	(10,35,42,524)
f. Increase / (Decrease) in Provisions	(69,552)	(55,388)	(21,64,769)	33,27,034
g. Increase / ( Decrease ) in Other Liabilities	90,58,894	(1,43,623)	(39,70,879)	(32,53,627)
<b>Cash generated from operations</b>				
Net Income Tax (Paid)/Refund	34,24,464	45,93,327	65,04,748	39,04,748
<b>Net Cash Generated/(Used) From Operating Activities (A)</b>	<b>1,42,89,705</b>	<b>(6,64,89,621)</b>	<b>(11,36,468)</b>	<b>(1,32,13,878)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITES</b>				
a. (Purchase) Sale of Fixed Assets	-	-	-	-
b. Interest & Other Income	(1,27,868)	17,01,925	35,15,986	73,59,744
<b>Net Cash Generated/(Used) From Investing Activities (B)</b>	<b>(1,27,868)</b>	<b>17,01,925</b>	<b>35,15,986</b>	<b>73,59,744</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITES</b>				
a. Interest & Finance Cost	(1,23,23,767)	(1,79,20,605)	(2,61,97,365)	(1,38,28,315)
b. Capital Introduced by Partners (net of withdrawals)	-	-	26,37,920	1,69,98,793
c. ( Repayments ) / proceeds of long term borrowings	(1,39,42,690)	3,80,03,138	3,09,80,095	72,88,018
d. ( Repayments ) / proceeds of short term borrowings	1,23,96,154	(75,05,409)	1,62,35,595	2,44,98,683
<b>Net Cash Generated/(Used) From Financing Activities (C)</b>	<b>(1,38,70,303)</b>	<b>1,25,77,124</b>	<b>2,36,56,245</b>	<b>3,49,57,179</b>
<b>Net Increase / ( Decrease ) in cash and cash equivalents</b>	<b>2,91,534</b>	<b>(5,22,10,572)</b>	<b>2,60,35,763</b>	<b>2,91,03,045</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>37,43,275</b>	<b>5,59,53,847</b>	<b>2,99,18,084</b>	<b>8,15,039</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>40,34,809</b>	<b>37,43,275</b>	<b>5,59,53,847</b>	<b>2,99,18,084</b>

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'. Previous year's figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.
2. The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV & V respectively.



**Annexure – I.1**

**Restated Statement of Share Capital**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Shareholder's Fund</b>				
<b>Equity Share Capital</b>				
<b>Authorised Share Capital</b>	8,43,75,000	-	-	-
84,37,500 equity shares of Rs 10/- each (Previous Year - NIL)				
<b>Issued, Subscribed &amp; Fully Paid-up</b>	8,43,75,000	-	-	-
84,37,500 equity shares of Rs 10/- each (Previous Year - NIL)				
<b>Partner's Capital Account</b>				
Partner's Capital Account	-	8,43,75,000	8,43,75,000	8,17,37,080
	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,17,37,080</b>

**Reconciliation of No. of Shares Outstanding at the end of the year**

*(No. of Equity Shares)*

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Shares outstanding at the beginning of the year	-	NA	NA	NA
Shares issued during the year	84,37,500	NA	NA	NA
Bonus Issued during the year	-	NA	NA	NA
<b>Share outstanding at the end of the year</b>	<b>84,37,500</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

**Details of Shareholding more than 5% of the aggregate shares in the company**

Name of shareholders	07-10-2021	
	No. of Shares	% of holding
B H Abdul Khader	1181250	14%
Pathu Kunju P. A.	1181250	14%
Faizal B.A.	1350000	16%
Ayoob B.A.	1181250	14%
Anaz B.A.	1181250	14%
Sruthi Muhammed Ali	1181250	14%
Soumya A.A.	1181250	14%

**Notes:**

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures I, II, III and IV.
- The company has been formed from conversion of Partnership Firm into company vide a certificate of incorporation dated 21 September 2021. The company was earlier operating as a partnership firm till 20 September 2021 in the name of Safa Systems and Solutions. The capital and reserves have been disclosed accordingly.

**Annexure – I.2**

**Restated Statement of Reserve & Surplus**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Statement of Profit &amp; Loss</b>				
Opening balance	-	-	-	-
Add: Profit for the year	-	-	-	-
Less: Transferred to Partners Capital Account				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Utilised for Bonus Issue	-	-	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Security Premium Reserve	-	-	-	-
Revaluation Reserves	-	-	-	-
Other Reserves, If Any (Please Specify)	-	-	-	-
<b>Total Reserve &amp; Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure – I.3**

**Restated Statement of Long Term Borrowings**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Secured Loans</b>				
Loans from Banks against hypothecation of vehicle	-	-	-	11,69,539
Cash Credit Facility against hypothecation of Stock & Receivables	7,49,65,235	8,74,14,480	4,10,63,861	-
<b>Unsecured Loans</b>				
Loans from Banks / Financial Institutions	-	14,93,445	98,40,926	1,87,55,153
<b>Total</b>	<b>7,49,65,235</b>	<b>8,89,07,925</b>	<b>5,09,04,787</b>	<b>1,99,24,692</b>



**Annexure – 1.4**

**Restated Statement of Deferred Tax Liabilities/Assets**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Deferred Tax Assets/Liabilities Provision</b>				
WDV As Per Companies Act 2013	67,27,965	74,60,038	89,37,630	1,05,80,607
WDV As Per Income tax Act	70,84,897	74,97,980	86,62,235	1,00,39,837
Difference in WDV	<b>(3,56,932)</b>	<b>(37,942)</b>	<b>2,75,395</b>	<b>5,40,770</b>
<b>(DTA)/DTL</b>	<b>(1,11,363)</b>	<b>(11,838)</b>	<b>85,923</b>	<b>1,77,156</b>
<b>Deferred Tax Assets Provision</b>				
Opening Balance of (DTA)/DTL	<b>(11,838)</b>	<b>85,923</b>	<b>1,77,156</b>	-
Add: Provision for the year	(99,525)	(97,761)	(91,233)	1,77,156
<b>Closing Balance of (DTA)/DTL</b>	<b>(1,11,363)</b>	<b>(11,838)</b>	<b>85,923</b>	<b>1,77,156</b>

**Annexure – 1.5**

**Restated Statement of Short Term Borrowings**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Secured Loans</b>				
Loans from Banks against hypothecation of vehicle	-	-	11,69,539	16,25,963
Cash Credit Facility against hypothecation of Stock & Receivables	17,75,33,452	17,54,90,119	16,53,87,708	9,62,16,635
<b>Unsecured Loans</b>				
Loans from Banks / Financial Institutions	41,75,366	83,47,481	89,14,228	7,31,06,651
Loans from Partners	2,80,76,319	98,80,665	1,48,49,361	-
Loans from Related Parties	73,68,541	73,68,541	1,43,27,696	1,32,72,492
<b>Total</b>	<b>21,71,53,678</b>	<b>20,10,86,806</b>	<b>20,46,48,532</b>	<b>18,42,21,741</b>

**Annexure – 1.6**

**Restated Statement of Trade Payables**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
MSME Creditors		-	-	-
Other Creditors	5,90,98,367	11,26,83,265	6,03,13,906	9,36,20,106
<b>Total</b>	<b>5,90,98,367</b>	<b>11,26,83,265</b>	<b>6,03,13,906</b>	<b>9,36,20,106</b>

**Annexure – 1.7**

**Restated Statement of Other Current Liabilities**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Statutory Dues Payable	97,52,864	1,35,193	1,31,962	1,13,882
Expenses Payable	4,30,230	9,89,007	10,49,938	28,10,441
Advances from Customer	-	-	-	21,37,223
<b>Total</b>	<b>1,01,83,094</b>	<b>11,24,200</b>	<b>11,81,900</b>	<b>50,61,546</b>

**Annexure – 1.8**

**Restated Statement of Short Term Provision**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Provision for Income Tax for Earlier Year	-	-	-	-
Provision for Income Tax Current Year	10,37,325	11,06,877	11,62,265	33,27,034
<b>Total</b>	<b>10,37,325</b>	<b>11,06,877</b>	<b>11,62,265</b>	<b>33,27,034</b>

**Annexure – 1.9**

**Restated Statement of Fixed Assets**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>(A) Tangible Assets</b>				
<b>Furniture &amp; Fittings</b>				
Gross Block - Opening Balance	90,885	90,885	90,885	90,885
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>90,885</b>	<b>90,885</b>	<b>90,885</b>	<b>90,885</b>
Accumulated Depreciation - Opening Balance	34,536	25,902	17,268	8,634
Depreciation during the year	4,494	8,634	8,634	8,634
<b>Accumulated Depreciation - Closing Balance</b>	<b>39,030</b>	<b>34,536</b>	<b>25,902</b>	<b>17,268</b>
<b>Net Block</b>	<b>51,855</b>	<b>56,349</b>	<b>64,983</b>	<b>73,617</b>
<b>Computers &amp; Other Accessories</b>				
Gross Block - Opening Balance	5,26,499	5,26,499	5,26,499	5,26,499
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>5,26,499</b>	<b>5,26,499</b>	<b>5,26,499</b>	<b>5,26,499</b>
Accumulated Depreciation - Opening Balance	5,00,174	4,73,680	3,75,184	2,50,985
Depreciation during the year	-	26,494	98,496	1,24,199
<b>Accumulated Depreciation - Closing Balance</b>	<b>5,00,174</b>	<b>5,00,174</b>	<b>4,73,680</b>	<b>3,75,184</b>
<b>Net Block</b>	<b>26,325</b>	<b>26,325</b>	<b>52,819</b>	<b>1,51,315</b>
<b>Building</b>				



Gross Block - Opening Balance	52,92,766	52,92,766	52,92,766	52,92,766
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>52,92,766</b>	<b>52,92,766</b>	<b>52,92,766</b>	<b>52,92,766</b>
Accumulated Depreciation - Opening Balance	8,96,314	7,28,710	5,61,106	3,93,502
Depreciation during the year	87,246	1,67,604	1,67,604	1,67,604
<b>Accumulated Depreciation - Closing Balance</b>	<b>9,83,560</b>	<b>8,96,314</b>	<b>7,28,710</b>	<b>5,61,106</b>
<b>Net Block</b>	<b>43,09,206</b>	<b>43,96,452</b>	<b>45,64,056</b>	<b>47,31,660</b>
<b>Plant and Machinery</b>				
Gross Block - Opening Balance	4,47,000	4,47,000	4,47,000	4,47,000
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>4,47,000</b>	<b>4,47,000</b>	<b>4,47,000</b>	<b>4,47,000</b>
Accumulated Depreciation - Opening Balance	1,98,170	1,69,860	1,41,550	1,13,240
Depreciation during the year	14,737	28,310	28,310	28,310
<b>Accumulated Depreciation - Closing Balance</b>	<b>2,12,907</b>	<b>1,98,170</b>	<b>1,69,860</b>	<b>1,41,550</b>
<b>Net Block</b>	<b>2,34,093</b>	<b>2,48,830</b>	<b>2,77,140</b>	<b>3,05,450</b>
<b>Office Equipments</b>				
Gross Block - Opening Balance	4,79,429	4,79,429	4,79,429	4,79,429
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>4,79,429</b>	<b>4,79,429</b>	<b>4,79,429</b>	<b>4,79,429</b>
Accumulated Depreciation - Opening Balance	4,14,672	3,33,101	2,51,528	1,60,436
Depreciation during the year	21,231	81,571	81,573	91,092
<b>Accumulated Depreciation - Closing Balance</b>	<b>4,35,903</b>	<b>4,14,672</b>	<b>3,33,101</b>	<b>2,51,528</b>
<b>Net Block</b>	<b>43,526</b>	<b>64,757</b>	<b>1,46,328</b>	<b>2,27,901</b>
<b>Vehicles</b>				
Gross Block - Opening Balance	1,00,64,909	1,00,64,909	1,00,64,909	1,00,64,909
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>1,00,64,909</b>	<b>1,00,64,909</b>	<b>1,00,64,909</b>	<b>1,00,64,909</b>
Accumulated Depreciation - Opening Balance	74,12,954	62,51,936	50,90,918	38,89,517
Depreciation during the year	6,04,365	11,61,018	11,61,018	12,01,401
<b>Accumulated Depreciation - Closing Balance</b>	<b>80,17,319</b>	<b>74,12,954</b>	<b>62,51,936</b>	<b>50,90,918</b>
<b>Net Block</b>	<b>20,47,590</b>	<b>26,51,955</b>	<b>38,12,973</b>	<b>49,73,991</b>
<b>Total Net Block of Tangible Assets</b>	<b>67,12,595</b>	<b>74,44,668</b>	<b>89,18,299</b>	<b>1,04,63,934</b>
<b>B) Intangible Assets</b>				
<b>Software</b>				
Gross Block - Opening Balance	3,07,400	3,07,400	3,07,400	3,07,400
Addition/Sale during the year	-	-	-	-
<b>Gross Block - Closing Balance</b>	<b>3,07,400</b>	<b>3,07,400</b>	<b>3,07,400</b>	<b>3,07,400</b>
Accumulated Depreciation - Opening Balance	2,92,030	2,88,069	1,90,727	93,385
Depreciation during the year	-	3,961	97,342	97,342
<b>Accumulated Depreciation - Closing Balance</b>	<b>2,92,030</b>	<b>2,92,030</b>	<b>2,88,069</b>	<b>1,90,727</b>
<b>Net Block</b>	<b>15,370</b>	<b>15,370</b>	<b>19,331</b>	<b>1,16,673</b>
<b>Total Net Block of Intangible Assets</b>	<b>15,370</b>	<b>15,370</b>	<b>19,331</b>	<b>1,16,673</b>
<b>C) Work-In-Progress</b>				
	-	-	-	-

**Annexure – I.10**

**Restated Statement of Non - Current Investments**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure – I.11**

**Restated Statement of Long Term Loans & Advances**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Security deposits:				
- with statutory authorities	8,15,000	8,15,000	8,15,000	8,15,000
- with others	2,01,50,000	-	-	3,00,000
<b>Total</b>	<b>2,09,65,000</b>	<b>8,15,000</b>	<b>8,15,000</b>	<b>11,15,000</b>



**Annexure – I.12**

**Restated Statement of Other Non-current Assets**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Balance in deposits with original maturity of more than 12 months	1,57,50,000	1,65,20,750	1,15,85,000	1,23,75,200
<b>Total</b>	<b>1,57,50,000</b>	<b>1,65,20,750</b>	<b>1,15,85,000</b>	<b>1,23,75,200</b>

**Annexure – I.13**

**Restated Statement of Inventories**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Inventories	9,77,31,155	12,71,22,206	5,84,17,788	2,91,41,625
<b>Total</b>	<b>9,77,31,155</b>	<b>12,71,22,206</b>	<b>5,84,17,788</b>	<b>2,91,41,625</b>

**Annexure – I.14**

**Restated Statement of Trade Receivables**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Debts outstanding for a period exceeding six months from the date they became due for payment</b>				
Unsecured & Considered Good	-	11,73,80,459	5,06,12,832	3,54,42,489
<b>Other Receivables</b>				
Unsecured & Considered Good	27,17,23,167	19,01,83,439	18,21,76,447	22,59,81,293
<b>Total</b>	<b>27,17,23,167</b>	<b>30,75,63,898</b>	<b>23,27,89,279</b>	<b>26,14,23,782</b>

**Annexure – I.15**

**Restated Statement of Cash and Cash Equivalents**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Cash In Hand</b>	32,02,400	31,93,585	34,89,355	26,63,957
<b>Balance With Bank (in Current Accounts)</b>				
- State Bank Of India	6,873	6,873	6,873	6,873
- IDBI Bank	-	-	-	6,380
- Federal Bank	8,25,536	5,42,817	5,24,57,619	2,30,11,169
<b>Other bank balances</b>				
Balance in deposits with original maturity of more than 3 months but less than 12 months	-	-	-	42,29,705
<b>Total</b>	<b>40,34,809</b>	<b>37,43,275</b>	<b>5,59,53,847</b>	<b>2,99,18,084</b>

**Annexure – I.16**

**Restated Statement of Short Term Loans and Advances**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Loans and Advances to others Unsecured, Considered Good</b>				
Security deposits:				
- with others	4,28,980	3,34,480	4,09,480	2,59,480
Advances to suppliers	18,53,515	18,53,515	2,46,90,248	3,48,73,566
Balances with Government Authorities	1,66,24,891	1,25,67,432	11,11,901	6,00,200
Advance Income Tax	34,24,464	45,93,327	65,04,748	39,04,748
<b>Total</b>	<b>2,23,31,850</b>	<b>1,93,48,754</b>	<b>3,27,16,377</b>	<b>3,96,37,994</b>

**Annexure – I.17**

**Restated Statement of Other Current Assets**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Interest Receivables	20,13,524	12,42,774	13,95,143	38,25,451
Other Receivables	54,23,866	54,55,540	62,249	51,612
<b>Total</b>	<b>74,37,390</b>	<b>66,98,314</b>	<b>14,57,392</b>	<b>38,77,063</b>



**Annexure –II.1**

**Restated Statement of Revenue from operations**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Sales& Services				
- Domestic Sales	1,45,12,78,691	2,08,50,59,139	2,55,11,68,991	2,54,92,48,601
- Export Sales	-	-	-	-
<b>Total</b>	<b>1,45,12,78,691</b>	<b>2,08,50,59,139</b>	<b>2,55,11,68,991</b>	<b>2,54,92,48,601</b>

**Annexure –II.2**

**Restated Statement of Revenue from Other Income**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Interest on Fixed Deposit	-	8,33,246	10,81,674	7,33,516
Any Other Income	6,42,882	7,16,310	4,004	74,41,246
<b>Total</b>	<b>6,42,882</b>	<b>15,49,556</b>	<b>10,85,678</b>	<b>81,74,762</b>

**Annexure –II.3**

**Restated Statement of Cost of Materials Consumed**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Opening Stock</b>	12,71,22,206	5,84,17,788	2,91,41,625	7,82,11,911
Add: Purchase during the Years	1,38,90,04,717	2,10,93,51,465	2,50,66,82,312	2,44,20,40,091
Less: Closing Stock	9,77,31,155	12,71,22,206	5,84,17,788	2,91,41,625
<b>Cost of Material Consumed</b>	<b>1,41,83,95,768</b>	<b>2,04,06,47,047</b>	<b>2,47,74,06,149</b>	<b>2,49,11,10,377</b>

**Annexure –II.4**

**Restated Statement of Change in Inventory**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Work In Progress	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure –II.5**

**Restated Statement of Employees Benefit Expenses**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Salaries, Wages & Bonus	32,22,750	63,92,903	1,25,01,392	1,07,99,841
Staff Welfare	31,960	65,813	72,764	47,962
Remuneration to Partners / Directors	62,09,562	66,10,529	69,30,378	1,47,96,266
<b>Total</b>	<b>94,64,272</b>	<b>1,30,69,245</b>	<b>1,95,04,534</b>	<b>2,56,44,069</b>

**Annexure –II.6**

**Restated Statement of Other Expenses**

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Advertisement Expenses	62,272	11,13,549	6,17,438	7,55,145
Audit Fees	-	75,000	75,000	78,710
Bad Debts Written off	-	-	-	14,197
Bank Charges	2,36,822	28,94,122	53,43,146	73,15,050
Cleaning Charges	12,640	47,430	42,760	58,696
Commission on Sales	7,32,239	2,69,241	-	-
Consultancy Charges	3,25,574	6,65,978	2,80,960	1,52,028
Courier Charges	17,41,718	18,20,166	29,67,951	21,58,068
Donation & Subscription	-	3,200	1,000	-
Electricity & Fuel Charges	74,505	1,39,058	84,729	92,795
Incentive and Backends			76,72,432	
Insuarance exp.	2,13,956	2,28,972	3,98,496	1,27,401
Legal Charges	19,73,856	15,000	12,000	45,000
Misc. Expenses	-	21,971	1,48,909	10,392
Office Expenses	1,26,125	2,19,818	3,05,038	8,29,258
Printing & Stationery Expenses	83,084	1,29,200	1,78,052	1,29,691
Processing Fee	8,75,560	5,75,068	26,40,090	7,32,554
Professional Charges	21,000	13,500	52,350	77,800
Rent, Rate and Taxes	2,35,124	3,83,550	5,72,623	30,09,213
Repairs & Maintenances Charges	12,000	94,069	78,222	1,22,061
Sales Tax Expenses	200	1,95,726	5,862	5,110
Telephone and Communication Expenses	2,36,336	74,597	1,22,270	1,93,520
Travelling Expenses	2,34,243	2,42,276	13,96,820	17,86,678
Vehicle Expenses	68,335	1,25,602	1,82,825	2,04,574
Vehicle Maintenance Expenses	69,386	2,03,430	1,33,475	1,41,062
<b>Total</b>	<b>73,34,975</b>	<b>95,50,523</b>	<b>2,33,12,448</b>	<b>1,80,39,003</b>



#### Annexure –II.7

##### Restated Statement of Financial Charges

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Interest on Loan	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
<b>Total</b>	<b>1,23,23,767</b>	<b>1,79,20,605</b>	<b>2,61,97,365</b>	<b>1,38,28,315</b>

#### Annexure –II.8

##### Restated Statement of Provision For Taxation

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Current Tax	10,37,325	11,06,877	11,62,265	33,27,034
Deferred Tax	(99,525)	(97,761)	(91,233)	1,77,156

#### Annexure IV

##### A. Background of the Company:

Safa Systems & Technologies Limited (“the Company”) is a limited Company domiciled in India, incorporated on 21st September 2021 under the provisions of the Companies Act, 2013 bearing Corporate Identification Number U52100KL2021PLC071051 issued by the Registrar of Companies, Ernakulam, Kerala. The Company was originally operating as a Partnership Firm with the name and style as Safa Systems & Solutions (“the Firm”) till the date of conversion into Public Limited Company. The financial statements, relevant annexures, notes, schedules, and relevant financial information have been prepared considering relevant impacts of these conversions.

The Company is mainly involved into the business of distribution of mobile phones, electronic gadgets, mobile phone accessories, computer and computer parts and other electronic media equipment’s.

##### B. Statement of Significant Accounting Policies

##### 1.1 Basis of Preparation of Financial Statements:

The restated summary statement of assets and liabilities of the Company as at 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 and the related restated summary statement of profits and loss and cash flows for the period/year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 (herein collectively referred to as (“**Restated Summary Statements**”)) have been compiled by the management from the proforma financial statements as at and for the year/period ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019. The proforma financial statements have been prepared by making adjustments for Indian GAAP as applicable to corporates to the audited financial statements for the period / year ended on 7 October 2021, 31 March 2021, 31 March 2020 and 31 March 2019 which was prepared as per Indian GAAP as applicable to non-corporates and which have been approved by the board of directors. Restated Summary Statements have been prepared to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 (the “**Act**”) read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**ICDR Regulations**”) issued by SEBI and Guidance note on Reports in Companies Prospectuses (Revised 2019) (“**Guidance Note**”). Restated Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the BSE in connection with its proposed SME IPO. The Company’s management has recast the Standalone Financial Statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of restated Summary Statements.

The Restated Standalone Financial Statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, including the Accounting Standards as prescribed by the Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Schedule III of the Companies Act, 2013.

##### 1.2 Use of Estimates:

The preparation of the Standalone Financial Statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Standalone Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.



**1.3 Fixed Assets:**

Fixed Assets are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable expenses. Expenditure for addition and improvements are capitalized as and when incurred.

**1.4 Depreciation:**

Depreciation/Amortization charge is provided on fixed assets on straight line basis over the useful life of the assets as specified in Schedule II of the companies act, 2013.

**1.5 Revenue Recognition:**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is reasonably certain, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably and stated net of Goods & Services Tax, Sales Tax, VAT, trade discounts and rebates. Interest income is recognized on time proportion basis, taking into account outstanding amount and the applicable interest rate. Dividend income is accounted when the Company's right to receive dividend is established

**1.6 Taxes on Income:**

Provision for current tax is made in terms of provisions of the Income Tax Act, 1961. Deferred tax on account of timing difference between taxable and accounting income is provided considering the tax rates and tax laws enacted or substantively enacted by Balance sheet date, the deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Minimum Alternate Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

**1.7 Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**1.8 Provisions/Contingencies:**

A provision is recognized when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to present value. Contingent assets are neither recognized nor disclosed in the financial statements.

**1.9 Borrowing Cost:**

Borrowing Cost attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**1.10 Inventory:**

Inventories are valued at cost or net realizable value whichever is lower and on FIFO method.

**1.11 Foreign Currency Transactions:**

There is no foreign currency transaction in this Company.

**1.12 Segment Information:**

Based on the principles for determination of segments given in Accounting Standard 17 "Segment Reporting" issued by accounting standard notified by Companies (Accounting Standard) Rules, 2008, the Company is mainly engaged in the activity surrounded with main business of the Company hence there is no reportable segment.

**1.13 Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which as the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

The Company found no indication that any asset may be impaired. Therefore, there was no need to determine impairment Loss. Other disclosure requirements as per mandatory Accounting Standard AS – 28 are not



applicable in the case of the Company.

**1.14 Prior Period Expenditure:**

The change in estimate due to error or omission in earlier period is treated as prior period items. The items in respect of which liability has arisen/crystallized in the current year, though pertaining to earlier year is not treated as prior period expenditure.

**1.15 Extra Ordinary Items:**

The income or expenses that arise from event or transactions which are clearly distinct from the ordinary activities of the Company and are not recurring in nature are treated as extra ordinary items. The extra ordinary items are disclosed in the statement of profit and loss as a part of net profit or loss for the period in a manner so as the impact of the same on current profit can be perceived.

**1.16 Impact of Covid19:**

On the basis of assessment of the impact of the outbreak of COVID-19 on business operations of the entity, the entity's management may conclude that no adjustment are required in the financial statement as it does not impact the current financial year. However, the situation with COVID-19 is still evolving. Also, some of the various preventive measures taken are still in force, leading to highly uncertain economic environment. Due to these circumstances, the management's assessment of the impact on the subsequent period is dependent upon the circumstances as they evolve.

**1.17 Employee Benefits:**

Provision for liabilities in respect of gratuity benefits are not made. However, it will be recognized as an expense in the Restated Statement of Profit & Loss on actual basis during the period in which the eligible employee leaves the services of the Company and settlements of his due are made on actual calculation.

**Annexure –V**

**Notes to the Re-stated Financial Statements:**

**I. Non-adjustment Items:**

No Audit qualifications for the respective periods which require any corrective adjustment in these Restated Financial Statements of the Company have been pointed out during the restated period.

**II. Material Regroupings:**

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities, Profit & Loss and Cash flows wherever required by reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the requirements of the SEBI Regulations.

**III. Material Adjustments in Restated Profit & Loss Account:**

Particulars	For the period / year ended			
	07/10/2021	31/03/2021	31/03/2020	31/03/2019
<b>Profit Before Tax as per audited accounts but before adjustments for restated accounts:</b>	<b>39,89,708</b>	<b>42,57,019</b>	<b>44,56,572</b>	<b>71,55,092</b>
Depreciation charged to Profit and Loss A/c as per Audited accounts	4,13,083	11,64,256	13,77,601	16,46,507
Depreciation charged to Profit and Loss A/c as per Restated accounts	(7,32,073)	(14,77,592)	(16,42,977)	(17,18,582)
<b>Adjusted Profit Before Tax as per Restated</b>	<b>36,70,718</b>	<b>39,43,683</b>	<b>41,91,196</b>	<b>70,83,017</b>



#### IV. Material Adjustments in Restated Assets & liability Statement:

Particulars	For the period / year ended			
	07/10/2021	31/03/2021	31/03/2020	31/03/2019
Partner's Capital Account - Fixed	8,43,75,000	8,43,75,000	10,01,97,155	8,47,00,500
Partner's Capital Account - Current Account	1,90,34,390	1,10,13,644	-	-
<b>Share Capital (Partners Capital Account) as per Books of Accounts</b>	<b>10,34,09,390</b>	<b>9,53,88,644</b>	<b>10,01,97,155</b>	<b>8,47,00,500</b>
Adjustment for provision of Income Tax & Deferred Tax	(9,25,962)	(10,95,038)	(12,48,188)	(35,04,190)
Adjustment for provision of Depreciation (Accumulated)	(3,56,932)	(37,942)	2,75,394	5,40,770
Adjustment for amount transferred in unsecured borrowing account	(1,77,51,496)	(90,80,665)	(1,48,49,361)	-
<b>Share Capital (Partner's Capital Account) as per Restated</b>	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,43,75,000</b>	<b>8,17,37,080</b>
<b>Loan from Partners as per Books of Accounts</b>	<b>1,03,24,823</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjustment for amount transferred from Partners Capital Account	1,77,51,496	90,80,665	1,48,49,361	-
<b>Loan form Partners as per Restated</b>	<b>2,80,76,319</b>	<b>90,80,665</b>	<b>1,48,49,361</b>	<b>-</b>
<b>Fixed Assets as per Books of Accounts</b>	<b>70,84,897</b>	<b>74,97,980</b>	<b>86,62,235</b>	<b>1,00,39,837</b>
Adjustment for provision of Depreciation	(3,18,990)	(3,13,336)	(2,65,376)	(72,075)
Adjustment in opening Balance (net)	(37,942)	2,75,394	5,40,770	6,12,845
<b>Fixed Assets as per Restated</b>	<b>67,27,965</b>	<b>74,60,038</b>	<b>89,37,629</b>	<b>1,05,80,607</b>
<b>Deferred Tax Assets/ (Liabilities) as per Books of Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjustment for provision of Deferred Tax	(99,525)	(97,761)	(91,233)	177,156
Adjustment in opening Balance	(11,838)	85,923	177,156	-
<b>Deferred Tax Assets / (Liabilities) as per Restated</b>	<b>(1,11,363)</b>	<b>(11,838)</b>	<b>85,923</b>	<b>177,156</b>
<b>Short Term Provisions as per Books of Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Adjustment for provision of Income Tax	10,37,325	11,06,877	11,62,265	33,27,034
<b>Short Term Provisions as per Restated</b>	<b>10,37,325</b>	<b>11,06,877</b>	<b>11,62,265</b>	<b>33,27,034</b>

Explanatory notes to the above restatements to profits made in the audited Standalone Financial Statements of the Company for the respective years:

- a) Adjustment for provision of Depreciation: The Entity has depreciated the assets of the partnership firm using WDV Method at the income tax rates. Depreciation Expenses has been restated using SLM Method at the useful life as specified in Schedule-II of Companies Act, 2013.
- b) Adjustment for provision of Income Tax: The Entity has debited income tax expenses of the firm to Partners' Capital Account which has now been re-classified to Statement of Profit & Loss account and restated as per Statement of Tax Shelters.
- c) Adjustment for provision of Deferred Tax: The Entity has not recognized deferred tax asset on temporary differences which has now been restated and impact has been given in the respective periods at income tax rates as applicable to the respective periods.

#### V. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro and Small Enterprises.

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31 August, 2021, 31 March 2021, 31 March 2020 and 31 March 2019 as Micro, Small or Medium enterprises. Consequently, the amount paid/payable to these parties could not be ascertainable.

There are no micro and small enterprises, as defined in the micro and small enterprises development act, 2006, to whom the Company owes dues on account of principal amount together with the interest and accordingly no additional disclosures have been made. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.



- VI. Other figures of the previous periods/years have been regrouped / reclassified and / or rearranged wherever necessary.
- VII. As required under SEBI (ICDR) Regulations, the Statement of Assets and Liabilities has been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.
- VIII. **Expenditure in Foreign Currency:** Nil
- IX. **Earnings in Foreign Exchange:** Nil
- X. **Leave Encashment [AS-15]**  
Accounting Standard (AS) – 15 issued by ICAI is Mandatory. However, the Company has not made provision for leave encashment benefits on retirement of employee as the quantum of liability is not ascertainable due to the non-availability of leaves entitlement, availment of leaves during the service period and carried over the balance leaves to the next financial year.
- XI. **Trade Receivables, Trade Payables, Borrowings, Loans & Advances and Deposits**  
Balances of Trade Receivables, Trade Payables, Borrowings, Loans & Advances and Deposits are subject to confirmation and reconciliation.
- XII. **Re-grouping/re-classification of amounts**  
The figures have been grouped and classified wherever they were necessary and have been rounded off to the nearest rupee.
- XIII. **Examination of Books of Accounts & Contingent Liability**  
The list of books of accounts maintained is based on information provided by the assessee and is not exhaustive. The information in audit report is based on our examination of books of accounts presented to us at the time of audit and as per the information and explanation provided by the assessed at the time of audit.
- XIV. **Director Personal Expenses**  
There are no direct personal expenses debited to the profit and loss account. However, personal expenditure if included in expenses like telephone, vehicle expenses etc. are not identifiable or separable.
- XV. **Deferred Tax Asset / Liability: [AS-22]**  
The Company has created Deferred Tax Asset / Liability as required by Accounting Standard (AS) - 22.

#### ANNEXURE –VI

##### Statement of Accounting & Other Ratios, As Restated

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
Net Profit as Restated	27,32,918	29,34,567	31,20,164	35,78,827
Add: Depreciation	7,32,073	14,77,592	16,42,977	17,18,582
Add: Interest on Loan	1,23,23,767	1,79,20,605	2,61,97,365	1,38,28,315
Add: Income Tax	9,37,800	10,09,116	10,71,032	35,04,190
<b>EBITDA</b>	<b>1,67,26,558</b>	<b>2,33,41,880</b>	<b>3,20,31,538</b>	<b>2,26,29,914</b>
<b>EBITDA Margin (%)</b>	<b>1.15%</b>	<b>1.12%</b>	<b>1.26%</b>	<b>0.88%</b>
Net Worth as Restated	8,43,75,000	8,43,75,000	8,43,75,000	8,17,37,080
<b>Return on Net worth (%) as Restated</b>	<b>3.24%</b>	<b>3.48%</b>	<b>3.70%</b>	<b>4.38%</b>
Equity Share at the end of year (in Nos.)	84,37,500	NA	NA	NA
Weighted No. of Equity Shares	84,37,500	NA	NA	NA
<b>Basic &amp; Diluted Earnings per Equity Share as Restated</b>	<b>0.32</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Net Asset Value per Equity share as Restated</b>	<b>10.00</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Note:-

EBITDA Margin = EBITDA/Total Revenues

Earnings per share (₹) = Profit available to equity shareholders / Weighted No. of shares outstanding at the end of the year

Return on Net worth (%) = Restated Profit after taxation / Net worth x 100

Net asset value/Book value per share (₹) = Net worth / No. of equity shares

The Company does not have any revaluation reserves or extra-ordinary items.



**ANNEXURE –VII**  
**Statement of Capitalization, As Restated**

Particulars	Pre-Issue	Post Issue*
	07-10-2021	
<b>Debt :</b>		
Short Term Debt	21,71,53,678	19,07,53,178
Long Term Debt	7,49,65,235	7,49,65,235
<b>Total Debt</b>	<b>29,21,18,913</b>	<b>26,57,18,413</b>
<b>Shareholders Funds</b>		
Equity Share Capital	8,43,75,000	15,07,75,500
Reserves and Surplus	-	-
Less: Misc. Expenditure	-	-
<b>Total Shareholders' Funds</b>	<b>8,43,75,000</b>	<b>15,07,75,500</b>
<b>Long Term Debt/ Shareholders' Funds</b>	<b>0.89</b>	<b>0.50</b>
<b>Total Debt / Shareholders Fund</b>	<b>3.46</b>	<b>1.76</b>

\* Assuming Full Allotment of IPO shares

**ANNEXURE –VIII**  
**Statement of Tax Shelter, As Restated**

Particulars	As At			
	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Profit Before Tax as per books of accounts (A)</b>	<b>36,70,718</b>	<b>39,43,683</b>	<b>41,91,196</b>	<b>70,83,017</b>
-- Normal Tax rate	26.00%	26.00%	26.00%	32.76%
-- Minimum Alternative Tax rate	15.60%	15.60%	15.60%	19.24%
<b>Permanent differences</b>				
Expenses Disallowances	-	-	13,680.00	25,59,085.00
Other Adjustments	-	-	-	4,84,896.00
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>13,680.00</b>	<b>30,43,981.00</b>
<b>Timing Differences</b>				
Depreciation as per Books of Accounts	7,32,073	14,77,592	16,42,977	17,18,582
Depreciation as per Income Tax	4,13,083	11,64,055	13,77,602	16,46,506
Difference between tax depreciation and book depreciation	3,18,990	3,13,537	2,65,375	72,076
Other adjustments	-	-	-	-
<b>Total (C)</b>	<b>3,18,990</b>	<b>3,13,537</b>	<b>2,65,375</b>	<b>72,076</b>
<b>Net Adjustments (D = B+C)</b>	<b>3,18,990</b>	<b>3,13,537</b>	<b>2,79,055</b>	<b>31,16,057</b>
<b>Total Income (E = A+D)</b>	<b>39,89,708</b>	<b>42,57,220</b>	<b>44,70,251</b>	<b>1,01,99,074</b>
Brought forward losses set off (Depreciation)	-	-	-	-
Tax effect on the above (F)	-	-	-	-
<b>Taxable Income/ (Loss) for the year/period (E+F)</b>	<b>39,89,708</b>	<b>42,57,220</b>	<b>44,70,251</b>	<b>1,01,99,074</b>
Tax Payable for the year/period	10,37,325	11,06,877	11,62,265	33,27,034
Tax payable as per MAT	6,22,394	6,64,126	6,97,359	19,62,302
Tax expense recognised	<b>10,37,325</b>	<b>11,06,877</b>	<b>11,62,265</b>	<b>33,27,034</b>
Tax payable as per normal rates or MAT (whichever is higher)	<b>Income Tax</b>	<b>Income Tax</b>	<b>Income Tax</b>	<b>Income Tax</b>



## ANNEXURE –IX

### Statement of Related Parties & Transactions

The Company has entered into following related party transactions for the periods covered under audit. Such parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India.

Name of the key managerial personnel/Entity	Relationship
B H Abdul Khader	Partner / Director
Faizal B.A.	Partner / Director
Sruthi Muhammed Ali	Partner / Director
Pathu Kunju P. A.	Partner
Ayoob B.A.	Partner
Anaz B.A.	Partner
Soumya A.A.	Partner
Fasana	Relative of KMP
Safa Plywoods Private Limited	Company owned or significantly influenced by KMP
Bee Eh Wood Industries	Firm owned or Significantly influenced by KMP
Orient Industries	Firm owned or significantly influenced by KMP

### Transactions with Related Parties:

Particulars	07-10-2021	31-03-2021	31-03-2020	31-03-2019
<b>Remuneration paid to Partners / Directors</b>				
B H Abdul Khader	8,69,339	9,44,361	9,90,054	21,12,907
Faizal B.A.	9,93,530	9,44,361	9,90,054	21,18,825
Sruthi Muhammed Ali	8,69,339	9,44,361	9,90,054	21,12,907
Pathu Kunju P. A.	8,69,336	9,44,361	9,90,054	21,12,907
Ayoob B.A.	8,69,339	9,44,361	9,90,054	21,12,907
Anaz B.A.	8,69,339	9,44,361	9,90,054	21,12,907
Soumya A.A.	8,69,339	9,44,361	9,90,054	21,12,907
<b>Total</b>	<b>62,09,561</b>	<b>66,10,527</b>	<b>69,30,378</b>	<b>1,47,96,266</b>
<b>Unsecured Loans Received</b>				
Safa Plywoods Private Limited	73,68,541	73,68,541	73,77,596	63,22,392
Bee Eh Wood Industries	-	-	39,50,100	39,50,100
Fasana	-	-	25,00,000	25,00,000
Orient Industries	-	-	5,00,000	5,00,000
B H Abdul Khader	9,63,875	3,65,978	7,21,693	
Pathu Kunju P. A.	19,45,135	8,96,003	13,45,605	
Faizal B.A.	91,87,185	2,70,986	-	
Ayoob B.A.	45,61,562	7,78,268	29,91,019	
Anaz B.A.	14,93,353	9,99,968	21,98,975	
Sruthi Muhammed Ali	22,53,320	9,85,703	11,79,510	
Soumya A.A.	14,14,419	6,40,631	28,53,072	
<b>Total</b>	<b>2,91,87,390</b>	<b>1,23,06,078</b>	<b>2,56,17,570</b>	<b>1,32,72,492</b>

## ANNEXURE –X

### Statement of Dividends

No Dividend Paid till Date

## ANNEXURE –XI

### Changes in the Significant Accounting Policies

There have been a change in the accounting policies in respect of change in method of computing depreciation for the period covered under audit. Since the financial statements have been prepared as per Indian GAAP including the Accounting Standards notified under Section 133 of the Companies Act, 2013, the Company changed its method of computing depreciation from WDV method as per the provisions of Income Tax Act to straight line basis over the useful life of the assets as specified in Schedule II of the companies act, 2013.

## ANNEXURE –XII

### Contingent Liabilities:

- The Company has not been registered under PF Act & ESIC Act. The impact of the same cannot be ascertained.
- The Company has not considered the impact of provisions of AS 15 Provision for Retirement benefits. The impact of the same is not ascertainable.
- The company has issued Bank Guarantee of Rs. 750.00 Lakhs to Xiaomi Technology as security deposit.



## FINANCIAL INDEBTEDNESS

Based on the independent examination of Books of Accounts, Audited Financial Statements and other documents of the issuer Company, **Safa Systems & Technologies Limited** and further explanations and information provided by the management of the Companies, which we believe to be true and correct to the best of our information and belief, the financial indebtedness of the company as at 7<sup>th</sup> October 2021 are as mentioned below:

Nature of Borrowing	Outstanding as on 07/10/2021
Secured Loan (A)	25,24,98,687
Unsecured Loan (B)	3,96,20,226
<b>Total</b>	<b>29,21,18,913</b>

### A. Secured Loans

Name of Lender	Purpose	Sanctioned Amount (Rs.)	Outstanding As on 07/10/2021
State Bank of India	Working Capital	24,60,00,000	15,80,96,262
State Bank of India	Term Loan	4,50,00,000	3,91,23,170
State Bank of India	CCECL (Covid -19)	2,45,00,000	1,25,79,255
State Bank of India	WCTL under GCEL	4,27,00,000	4,27,00,000
		<b>35,82,00,000</b>	<b>25,24,98,687</b>

#### Note:

#### 1. State Bank of India (Working Capital Loan):

<b>Facility</b>	Working Capital
<b>Overall Loan Limit</b>	Cash Credit: Rs. 2460.00 Lakhs and BG Limit of Rs. 1250.00 Lakhs with interchange ability from cash credit to Bank Guarantee
<b>Date of Sanction</b>	01/10/2019
<b>ROI on CC Limit</b>	EBLR+1.85% with a minimum of 8.90%
<b>Tenor for CC Limit</b>	For 12 months
<b>Repayment of CC limit</b>	On demand
<b>BG Margin</b>	Cash margin of 15% in the form of bank own term deposit
<b>BG tenor</b>	Maximum 4 years
<b>Primary Security</b>	Hypothecation of Stocks and Receivables of the company, both present and future.
<b>Collateral Security:</b>	As per Annexure – A below
<b>Personal Guarantee</b>	Shri Abdulkhader B H, Smt Pathukunju P A, Shri Fazail B A, Shri Anaz B A, Shri Ayooob B A, Smt Soumya A A and Smt Sruthi Muhammed Ali

#### 2. State Bank of India (Term Loan)

<b>Facility</b>	Term Loan
<b>Loan Amount</b>	450 Lakhs
<b>Date of Sanction</b>	01/10/2019
<b>Interest</b>	MCLR+1.10% with a minimum of 8.10%
<b>Tenor</b>	114 months
<b>Primary Security</b>	Not applicable
<b>Collateral Security:</b>	As per Annexure – A below
<b>Personal Guarantee</b>	Shri Abdulkhader B H, Smt Pathukunju P A, Shri Fazail B A, Shri Anaz B A, Shri Ayooob B A, Smt Soumya A A and Smt Sruthi Muhammed Ali



**3. State Bank of India - CCECL (Covid -19):**

<b>Facility</b>	Covid -19 Emergency Credit Loan
<b>Loan Amount</b>	245.00 Lakhs
<b>Date of Sanction</b>	10/05/2020
<b>Interest</b>	EBLR +0.75% with a minimum of 7.40%
<b>Tenor</b>	24 months
<b>Repayment</b>	18 equated monthly instalments after moratorium period of 6 months from the date of disbursement of the loan
<b>Security Offered</b>	Extension of Existing Charge on the Primary Security, Collateral Security (as per Annexure - A below) and personal guarantee of promoters/directors as per existing term sanctioned.

**4. State Bank of India (WCTL under GCEL):**

<b>Facility</b>	Working capital Term Loan under GECL
<b>Loan Amount</b>	427.00 Lakhs
<b>Date of Sanction</b>	08/01/2021
<b>Interest</b>	EBLR +75 bps and subject to maximum of 9.25%
<b>Tenor</b>	48 months including moratorium period of 12 months
<b>Security Offered</b>	Extension of Existing Charge on the Primary Security, Collateral Security (as per Annexure - A below) and personal guarantee of promoters/directors as per existing term sanctioned. Also WCTL facility shall rank pari-passu with existing credit facilities in respect of underlying security and charge on the assets financed under GECL scheme.

**Annexure – A: Collateral Details**

<b>Sl. No.</b>	<b>Collateral Details</b>
A	Equitable Mortgage of residential building and land bearing Survey Number: 484/2, situated at Poonithura village, Ernakulam, Admeasuring Total Area: 3.65 ares , Belongs to: FAIZAL BA, Partner, (Doc No: 6495/05, Registered On: 23-DEC-05, at: MARADU, KERALA,
B	Equitable Mortgage of residential Building and land bearing Survey Number: 8/3-4, 8/3-3 & 8/8-2, situated at Kizakambalam Village, Ernakulam, Admeasuring Total Area :8.97 ARES, belongs to: FAIZAL B A & SRUTHI MUHAMMEDALI, Partners, Title Deed No: 8578/07, Registered On: 08-OCT-07, at: ALUVA, KERALA,
C	Equitable Mortgage of Commercial Building Door No cc 33/2308 F Kochi Corporation and bearing Survey Number : 455/1,456/3,457/1, situated at Poonithura village , Ernakulam, Admeasuring Total Area : 12.765 ARES (31.62 CENTS), Belongs to 1) ANAS B A, Partner, Title Deed No : 5219/04, Registered On : 08-OCT-04, at : MARADU, KERALA; 2) Belongs to : AYOOB B A , Partner, Title Deed No : 2497/1/02, Registered On : 12-JUL-02, at : MARADU, KERALA, 3) Belongs to : FAIZAL BA, Partner Title Deed No : 2549/01, Registered On: 03-JULY-01, at : MARADU, KERALA, 4 ) Belongs to : PATHUKUNJU P A, Partner, Title Deed No : 2709/2000, Registered On : 05-JUN-00, at : MARADU, KERALA, and Title Deed No : 1867/92, Registered On : 30-APR-92, at : MARADU, KERALA,
D	Equitable Mortgage of Residential Building and land bearing survey Number: 553/4,454/3,454/6 situated at Poonithura village, Ernakulam, Admeasuring Total Area: 9.28 ARES Belongs to: AYOOB, FAIZAL, ANAS, Partners, Title Deed No: 734/1999, Registered On: 02-MAR-99, at: POONITHURA, KERALA
E	Equitable Mortgage of Commercial Building and land bearing Survey Number: 38/12, situated at Edapally South, Ernakulam, Admeasuring Total Area: 1.58 Ares Belongs to: FAIZAL B A, AYOOB B A, Partners, Title Deed No: 111/2015, Registered On: 12-JAN-15, at: EDAPALLY SRO, KERALA,
F	Equitable Mortgage of Residential Building and land bearing Survey Number: RESY NO: 7/11-3& 7/12-3, situated at at Kizhakambalam Village, Pookattupady, Ernakulam, Admeasuring Total Area: 4.55 ARES, Belongs to: AYOOB B A, Partner, Title Deed No: 9021/07, Registered On: 23-OCT-07, at: Puthencruz SRO, ALUVA, KERALA
G	Equitable Mortgage of Factory Buildings and land bearing Survey Number: 184/10-2-4-3 & 184/10-2-4-2, block No 35 situated at ALUVA EAST VILLAGE, ERNAKULAM, Admeasuring Total Area: 18.62 ARES, Belongs to: AYOOB B A & FAIZAL BA, Who is: PARTNERS, Title Deed No: 4474/1/2007, Registered On: 24-JUL-07, at: ALUVA, KERALA



## B. Unsecured Loans

Name of Lender	Purpose	Date of Sanctioned	Repayment Terms	Sanctioned Amount (Rs.)	Outstanding As on 07/10/2021
Capital First	Business	19/12/2018	Monthly EMI	30,60,000	3,18,205
Capital Float	Business	31/12//2018	Monthly EMI	30,00,000	3,79,204
HDFC Bank Limited	Business	20/12/2018	Monthly EMI	50,00,000	17,87,916
IDFC Bank Limited	Business	05/01/2019	Monthly EMI	25,00,000	2,56,702
IndusInd Bank Limited	Business	30/12/2018	Monthly EMI	40,00,000	4,19,802
ICICI Bank Limited	Business	17/12/2018	Monthly EMI	15,00,000	1,58,786
TATA Capital	Business	20/12/2018	Monthly EMI	35,00,000	3,35,804
Kotak Bank	Business	24/12/2018	Monthly EMI	50,00,000	5,18,947
Short Term Loan from Directors & Relatives <sup>1</sup>	Business	NA	On Demand	NA	2,80,76,319
Short Term Unsecured Loan from Friends & Relative <sup>2</sup>	Business	NA	On Demand	NA	73,68,541

Note:

1. Out of total short-term loan of Rs. 2,80,76,319/- from Director & relatives, Rs. 1,90,32,000/- has been converted into equity on 08-12-2021.
2. Out of total short-term loan of Rs. 73,68,541/- from Friends & relatives, Rs. 73,68,500/- has been converted into equity on 08-12-2021.



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

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements for the period ended on 07<sup>th</sup> October 2021 and financial year ended on 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 including the notes and significant accounting policies thereto and the reports thereon, which appear elsewhere in this draft prospectus. You should also see the section titled “Risk Factors” beginning on page 17 of this draft prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company, unless otherwise stated, is based on restated audited financial statements.*

*These financial statements have been prepared in accordance with Ind GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our auditors dated December 31, 2021 which is included in this draft prospectus under the section titled “Financial Information as Restated” beginning on page 115 of this draft prospectus. The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our restated financial statements to US GAAP or IFRS and we have not otherwise quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP or IFRS as applied to our restated financial statements.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under “Risk Factors” and “Forward Looking Statements” beginning on pages 17 and 13 respectively, and elsewhere in this draft prospectus*

*Accordingly, the degree to which the financial statements in this draft prospectus will provide meaningful information depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our F.Y. ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. Please also refer to section titled “Certain Conventions, Use of Financial, Industry and Market Data and Currency Presentation” beginning on page 11 of this draft prospectus.*

### **BUSINESS OVERVIEW**

*For Detailed information on our business, please refer to chapter titled “Our Business” beginning from page no. 83 of this draft prospectus*

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST AUDITED PERIOD**

In the opinion of the Board of Directors of our Company, since the date of the last audited period i.e., October 07, 2021 as disclosed in this draft prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the trading or profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. The Board of Directors have decided to get their equity shares listed on SME Exchange of BSE Limited and pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on December 03, 2021 proposed the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Extra Ordinary General Meeting held on December 06, 2021 authorized the Initial Public Offer.
3. The company has issued 26,40,050 equity shares on December 08, 2021 pursuant to conversion of loan into equity.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATION**

1. Covid-19 pandemic.
2. Our dependence on limited number of customers/suppliers/brands for a significant portion of our revenues;
3. Any failure to comply with the financial and restrictive covenants under our financing arrangements;
4. Our ability to retain and hire key employees or maintain good relations with our workforce;
5. Impact of any reduction in sales of our services/products;
6. Rapid Technological advancement and inability to keep pace with the change;
7. Increased competition in industries/sector in which we operate;
8. General economic and business conditions in India and in the markets in which we operate and in the local, regional and national economies;
9. Changes in laws and regulations relating to the Sectors in which we operate;
10. Political instability or changes in the Government in India or in the government of the states where we operate could cause us significant adverse effects;
11. Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner;
12. Occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition and
13. Our inability to successfully diversify our product offerings may adversely affect our growth and negatively impact our profitability.



### SIGNIFICANT ACCOUNTING POLICIES:

Our significant accounting policies are described in the section entitled “*Financial Statements as Restated*” beginning from page no. 115 of the draft prospectus

### SUMMARY OF THE RESULTS OF OPERATION:

The following table sets forth select financial data from restated profit and loss accounts for the period ended 07<sup>th</sup> October 2021 and financial year ended on 31<sup>st</sup> March 2021, 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 and the components of which are also expressed as a percentage of total income for such periods.

(Rs. in Lakhs)

Particulars	For the year ended							
	07-10-2021	% of Total Revenue	31-03-2021	% of Total Revenue	31-03-2020	% of Total Revenue	31-03-2019	% of Total Revenue
<b>(1) Revenue</b>								
(a) Revenue from Operations	14,512.79	99.96%	20,850.59	99.93%	25,511.69	99.96%	25,492.49	99.68%
(b) Other Income	6.43	0.04%	15.50	0.07%	10.86	0.04%	81.75	0.32%
<b>Total Revenue (1)</b>	<b>14,519.22</b>	<b>100.00%</b>	<b>20,866.09</b>	<b>100.00%</b>	<b>25,522.55</b>	<b>100.00%</b>	<b>25,574.23</b>	<b>100.00%</b>
<b>(2) Expenses</b>								
Cost of material consumed	14,183.96	97.69%	20,406.47	97.80%	24,774.06	97.07%	24,911.10	97.41%
Change in Inventories	-	-	-	0.00%	-	0.00%	-	0.00%
Employee Benefit Expenses	94.64	0.65%	130.69	0.63%	195.05	0.76%	256.44	1.00%
Other Expenses	73.35	0.51%	95.51	0.46%	233.12	0.91%	180.39	0.71%
<b>Total Expenses (2)</b>	<b>14,351.95</b>	<b>98.85%</b>	<b>20,632.67</b>	<b>98.88%</b>	<b>25,202.23</b>	<b>98.74%</b>	<b>25,347.93</b>	<b>99.12%</b>
<b>(3) Profit/(Loss) before Interest, Depreciation and Tax (1-2)</b>	<b>167.27</b>	<b>1.15%</b>	<b>233.42</b>	<b>1.12%</b>	<b>320.32</b>	<b>1.26%</b>	<b>226.30</b>	<b>0.88%</b>
Depreciation & Amortisation Expenses	7.32	0.05%	14.78	0.07%	16.43	0.06%	17.19	0.07%
<b>(4) Profit/(Loss) before Interest and Tax</b>	<b>159.94</b>	<b>1.10%</b>	<b>218.64</b>	<b>1.05%</b>	<b>303.89</b>	<b>1.19%</b>	<b>209.11</b>	<b>0.82%</b>
Financial Charges	123.24	0.85%	179.21	0.86%	261.97	1.03%	138.28	0.54%
<b>(5) Profit/(Loss) before Tax</b>	<b>36.71</b>	<b>0.25%</b>	<b>39.44</b>	<b>0.19%</b>	<b>41.91</b>	<b>0.16%</b>	<b>70.83</b>	<b>0.28%</b>
Prior Period Items	-	-	-	-	-	-	-	-
<b>(6) Profit/(Loss) before Tax</b>	<b>36.71</b>	<b>0.25%</b>	<b>39.44</b>	<b>0.19%</b>	<b>41.91</b>	<b>0.16%</b>	<b>70.83</b>	<b>0.28%</b>
<b>Tax expense</b>								
(a) Current Tax	10.37	0.07%	11.07	0.05%	11.62	0.05%	33.27	0.13%
(b) Deferred Tax	(1.00)	-0.01%	(0.98)	0.00%	(0.91)	0.00%	1.77	0.01%
<b>Total Tax Expenses</b>	<b>9.38</b>	<b>0.06%</b>	<b>10.09</b>	<b>0.05%</b>	<b>10.71</b>	<b>0.04%</b>	<b>35.04</b>	<b>0.14%</b>
<b>(7) Profit/(Loss) for the period/year</b>	<b>27.33</b>	<b>0.19%</b>	<b>29.35</b>	<b>0.14%</b>	<b>31.20</b>	<b>0.12%</b>	<b>35.79</b>	<b>0.14%</b>

Our company was originally formed as a partnership firm on October 18, 2012 in the name and style of “Safa Systems & Solutions” and deals in Mobile phones, accessories and other electronic gadgets since incorporation. Further, the firm has been converted into a Public Limited Company in the name and style of “Safa System & Technologies Limited” on September 21, 2021. All the assets and liabilities of the erstwhile partnership firm was transferred to company after getting registration as required to run the business in the name of the company and duly audited on October 07, 2021.



### **FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE PERIOD ENDED ON OCTOBER 07, 2021**

**Total Revenue Income:** Our erstwhile partnership firm's total revenue income during the period (Apr 01, 2021 to October 07, 2021) was ₹14,519.22 Lakhs. The revenue from operation was ₹14,512.79 Lakhs which is almost 99.96% of total revenue which consist of sales of Consumer electronics products.

**Total Expenses:** Our erstwhile partnership firm's total expenses excluding depreciation, Interest and tax amount during the said period (Apr 01, 2021 to October 07, 2021) was ₹14,351.95 Lakhs. The total expenditure is almost 98.85% of total revenue. The main constituent of total expenditure is Cost of material consumed which was ₹14,183.96 Lakhs, almost 97.69% of total revenue.

**Profit Before Interest, Depreciation and Tax:** The restated net profit before interest, depreciation and tax as per restated financials for the said period (Apr 01, 2021 to October 07, 2021) was ₹167.27 Lakhs which is 1.15% of total revenue.

**Profit before Tax:** The restated net profit before tax as per restated financials for the said period (Apr 01, 2021 to October 07, 2021) was ₹36.71 Lakhs which is 0.25% of total revenue.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2021 WITH FISCAL 2020**

**Total Revenue Income:** During the FY 2020-21 the revenue from operation and other income of the erstwhile partnership firm's decreased to ₹20,866.09 Lacs as against ₹25,522.55 Lacs in the FY 2019-20. Income from Operations decreased mainly due to covid-19 pandemic impact.

**Total Expenses:** The total expenditure excluding depreciation, Interest and tax amount, for the FY 2020-21 has decreased to ₹20,632.67 Lacs as against ₹25,202.23 Lacs in the FY 2019-20. The decreased in total expenses was mainly due to covid-19 pandemic impact.

**Cost of Material consumed:** Cost of Material consumed for the FY 2020-2021 has decreased to ₹20,406.47 Lacs as against ₹24,774.06 Lacs in the FY 2019-20. The decreased in cost of material consumed was mainly due to covid-19 pandemic impact.

**Employee Benefits Expense:** The Employee Benefits Expense for the FY 2020-2021 has decreased to ₹130.69 Lacs as against ₹195.05 Lacs in the FY 2019-20. The decreased in Employee Benefits Expenses was mainly due to partners of the erstwhile firm has taken less benefit from the firm in comparison to FY 2019-20

**Other Expense:** The other Expense for the FY 2020-2021 has decreased to ₹95.51 Lacs as against ₹233.12 Lacs in the FY 2019-20. The decreased in other expenses is in response to decrease of business activities of the firm mainly due to covid-19 pandemic impact.

**Finance Expenses:** The finance cost of the company for the FY 2020-21 has decreased to ₹179.21 Lacs as against ₹261.97 in the FY 2019-20. The decreased in financial expenses was mainly due to less utilisation of borrowed fund due to pandemic.

**Depreciation and Amortization Expense:** The Depreciation and Amortization Expense for FY 2020-21 has decreased to ₹14.78 Lacs as against ₹16.43 Lacs in the FY 2019-20.

**Profit/ (Loss) Before Tax:** Profit before Tax for FY 2020-21 has decreased to ₹39.44 Lacs as against ₹41.91 Lacs in the FY 2019-20. The decrease in profit before tax is due to decrease in turnover of the firm, however in FY 2020-21, the PBT was 0.19% of total turnover against the 0.16% of total turnover in FY 2019-20.

**Profit/ (Loss) After Tax:** The restated Profit after Tax for FY 2020-21 has decreased to ₹29.35 Lacs as against ₹31.20 Lacs in the FY 2019-20. The decrease in profit after tax is due to decrease in turnover of the firm, however in FY 2020-21, the PAT was 0.14% of total turnover against the 0.12% of total turnover in FY 2019-20.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2020 WITH FISCAL 2019**

**Total Revenue Income:** During the FY 2019-20 the revenue from operation and other income of the erstwhile partnership firm is almost at par at ₹25,522.55 Lacs as against ₹25,574.23 Lacs in the FY 2018-19. While the revenue from operation has been increased to ₹25511.69 Lakhs against ₹25492.49 Lakhs, the other income has been reduced to ₹10.86 Lakhs from ₹81.75 Lakhs.

**Total Expenses:** The total expenditure excluding depreciation, Interest and tax amount, for the FY 2019-20 has decreased to ₹25,202.23 (98.74% of total revenue) Lacs as against ₹25,347.93 Lacs (99.12% of total revenue) in the FY 2018-19.



**Cost of material consumed:** The cost of material consumed for the FY 2019-2020 has slightly decreased to ₹24,774.06 Lacs as against ₹24,911.10 Lacs in the FY 2018-19.

**Employee Benefits Expense:** The Employee Benefits Expense for the FY 2019-2020 has decreased to ₹195.05 Lacs as against ₹256.44 Lacs in the FY 2018-19. The decreased in Employee Benefits Expenses was mainly due to partners of the erstwhile firm has taken less benefit from the firm in comparison to FY 2018-19.

**Finance Expenses:** The finance cost of the company for the FY 2019-20 has increased to ₹261.97 Lacs as against ₹138.28 in the FY 2018-19. The increased in financial expenses was mainly due to more utilisation of borrowed fund for working capital requirement.

**Other Expense:** The other Expense for the FY 2019-2020 has increased to ₹233.12 Lacs as against ₹180.39 Lacs in the FY 2018-19. This increase was mainly due to increase in incentives given in FY 2019-20.

**Profit/ (Loss) After Tax:** The restated Profit after Tax for FY 2019-20 has decreased to ₹31.20 Lacs as against ₹35.79 Lacs in the FY 2019-20. This decrease was mainly due to high cost of financial charges and other expenses.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

**1. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations except the Covid-19 pandemic which is still to be controlled. However, Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section “**Risk Factors**” beginning on page 17 in the draft prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**4. Expected Future changes in relationship between costs and revenues**

Our Company’s future costs and revenues will be determined by demand/supply situation, Government Policies and Taxation and Currency fluctuations.

**5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or increased sales prices**

Changes in revenue in the last financial years are as explained in the part “Comparison of the financial performance of above.

**6. Total turnover of each major industry segment in which our Company operates**

The Company is mainly engaged in distribution of Consumer electronics products and all the activities of the business revolve around this main business. Therefore, there are no separate reportable segments.

**7. Status of any publicly announced New Products or Business Segment**

Our Company has not announced any new product other than disclosed in this draft prospectus.

**8. Seasonality of business**

Our company’s business is not seasonal in nature except that in rainy seasons, demand for our products may be affected.

**9. Competitive conditions**

Competitive conditions are as described under the Chapters “**Industry Overview**” and “**Our Business**” beginning on page 59 and 83 respectively of the draft prospectus.

**10. Details of material developments after the date of last balance sheet i.e., October 07, 2021.**

Except as mentioned in this draft prospectus, no circumstances have arisen since the date of last financial statement until the date of filing the draft prospectus, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.



## SECTION X: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions or proceedings against our Company, our Directors, our Promoters and Entities Promoted by our Promoters before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non-payment of statutory dues, over dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been imposed and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956 and/or paragraph (i) of Part I of Schedule V of the Companies Act, 2013) against our Company, our Directors, our Promoters and the Entities Promoted by our Promoters, except the following:

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, the Promoters, directors, Promoter Group companies and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Neither our Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

Further, apart from those as stated below, there are no show-cause notices / claims served on the Company, its Promoters, its Directors or its Group Companies from any statutory authority / revenue authority that would have a material adverse effect on our business.

Unless stated to the contrary, the information provided below is as of the date of this draft prospectus.

#### I. CONTINGENT LIABILITIES OF OUR COMPANY:

- The Company has not been registered under PF Act & ESIC Act. The impact of the same cannot be ascertained.
- The Company has not considered the impact of provisions of AS 15 Provision for Retirement benefits. The impact of the same is not ascertainable.
- The company has issued Bank Guarantee of Rs. 750.00 Lakhs to Xiamoi Technology as security deposit.

#### II. LITIGATION INVOLVING OUR COMPANY

##### A. LITIGATION AGAINST OUR COMPANY

1. Criminal matters: Nil
2. Litigation Involving Actions by Statutory/Regulatory Authorities: Nil
3. Litigation involving Tax Liabilities
  - (i) Direct Tax Liabilities: Nil
  - (ii) Indirect Taxes Liabilities: Nil
4. Other Pending Litigations: Nil

##### B. CASES FILED BY OUR COMPANY

1. Litigation Involving Criminal matters: Nil
2. Litigation Involving Civil matters: Nil
3. Litigation Involving Actions by Statutory/Regulatory Authorities: Nil
4. Litigation involving Tax Liabilities:
  - (i) Direct Tax Liabilities: Nil
  - (ii) Indirect Taxes Liabilities: Nil
5. Other Pending Litigations: Nil



### **III. LITIGATION INVOLVING OUR DIRECTORS**

#### **A. LITIGATION AGAINST OUR DIRECTORS**

1. **Criminal matters:** Nil
2. **Civil matters:** Nil
3. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil
4. **Litigation involving Tax Liabilities**
  - (i) **Direct Tax Liabilities:** Nil
  - (ii) **Indirect Taxes Liabilities:** Nil
5. **Other Pending Litigations:** Nil

#### **B. LITIGATION 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 Taxes Liabilities:** Nil
4. **Other Pending Litigations:** Nil

### **IV. LITIGATION INVOLVING OUR PROMOTERS AND PROMOTER GROUP**

#### **A. LITIGATION AGAINST OUR PROMOTERS AND PROMOTER GROUP**

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 Taxes Liabilities:** Nil
4. **Other Pending Litigations:** Nil

#### **B. LITIGATION FILED BY OUR PROMOTERS AND PROMOTER GROUP**

1. **Litigation Involving Criminal matters:** Nil
2. **Litigation Involving Civil matters:** Nil
3. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil
4. **Litigation involving Tax Liabilities**
  - (i) **Direct Tax Liabilities:** Nil
  - (ii) **Indirect Taxes Liabilities:** Nil



5. Other Pending Litigations: Nil

V. Penalties imposed in past cases for the last five years: Nil

#### **OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

There are no disputes with such entities in relation to payments to be made to our Creditors. The details pertaining to amounts due towards such creditors are available on the website of our Company.

Below are the details of the Creditors where outstanding amount as on October 07, 2021:

<b>Name</b>	<b>Balance as on October 07, 2021</b>
Total Outstanding dues to Micro and Small & Medium Enterprises (MSME)*	--
Total Outstanding dues to Creditors other than MSME#	590.98 Lakhs

\* Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, is not available with us as we are in the process of Compiling the information from our vendors.

# As per restated audited balance sheet.

#### **Outstanding Litigations involving the Company or involving any other person or company whose outcome may have a material adverse effect on the Company's results of operations or financial position.**

Except as described above, as on date of this draft prospectus, there are no outstanding litigations involving the Company, or involving any other person or company whose outcome may have a material adverse effect on the Company's results of operations or financial position.

#### **There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.**

#### **Pending proceedings initiated against our Company for economic offences.**

There are no pending proceedings initiated against our Company for economic offences.

#### **Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous Companies enactment in the last 5 years against our Company.**

There are no inquiries, investigations etc. instituted under the Companies Act or any previous Companies enactment since incorporation against our Company.

#### **Material Fraud against our Company in the last five years**

There has been no material fraud committed against our Company since incorporation.

#### **Fines imposed or compounding of offences for default**

There are no fines imposed or compounding of offences for default or outstanding defaults.

#### **Non-Payment of Statutory Dues**

Except as disclosed in the chapter titled "*Financial Statements as Restated*" beginning on pages 115 there are have been no defaults or outstanding defaults in the payment of statutory dues payable under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948.

#### **MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE**

Except as disclosed in Chapter titled "*Management's Discussion & Analysis of Financial Conditions & Results of Operations*" beginning on page 137 of this draft prospectus, there have been no material developments that have occurred after the Last Balance Sheet Date.



## GOVERNMENT AND OTHER APPROVALS

### **GOVERNMENT & OTHER KEY APPROVALS**

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current business activities and no further major approvals from any governmental/regulatory authority, or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

#### **A. APPROVALS FOR THE ISSUE**

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a resolution passed at its meeting held on December 03, 2021 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a special resolution passed in the Extra Ordinary General Meeting held on December 06, 2021 authorized the Issue.
3. Our company has obtained In-principle approval dated [●] from the BSE to use the name of BSE for listing of the Equity Shares issued by our Company pursuant to the Issue.
4. The International Securities Identification Number (“ISIN”) of our Company is “INE0JNA01014”.

#### **B. APPROVALS PERTAINING TO INCORPORATION OF OUR COMPANY**

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	Certificate of Incorporation in the name of “Safa Systems & Technologies Limited”	ROC- Central Registration Centre	U52100KL2021PLC071051	21-09-2021	Valid until Cancelled

#### **C. BUSINESS RELATED APPROVALS**

##### **Approvals/registration valid**



Description	Authority	Registration Number	Date of Certificate	Date of Expiry
Permanent Account Number (PAN)	Income Tax Department	ABGCS8921G	21-09-2021	Valid until Cancelled
Tax Deduction Account No. (TAN)	Income Tax Department	CHNS14402D	23-09.2021	Valid until Cancelled
Goods & Services Tax (GST)	Government of India	32ABGCS8921G 1ZB	21-09.2021	Valid until Cancelled
Certificate of Import-Export Code	Director General of Foreign Trade	ABGCS8921G	22-11-2021	Valid until Cancelled
Udyam MSME Registration Certificate	Ministry of Micro, Small & Medium Enterprises	UDYAM-KL-02-0024026	12-10-2021	Valid until Cancelled
Registration for ISO 9001:2015 (Quality Management System)	Quality Research Organization	2021110843	08-11-2021	07-11-2024



## **TRADEMARK REGISTRATION**

We regard our intellectual property as one of the most important factors in contributing to our success, and our intellectual property rights include trademarks associated with our businesses and other rights arising from confidentiality agreements relating to our database and website content and technology.

Our Company conducts its operations under the “SAFA SYSTEMS” brand name and using a logo as mentioned in below table. Our Company’s logo is not registered and we are in the process of Registering it under the Trade Mark Act.

<b>Sr. No.</b>	<b>Logo</b>	<b>Class</b>	<b>Trademark Type</b>	<b>Owner of Trademark</b>	<b>Application No.</b>	<b>Date of application</b>	<b>Status</b>
1.		9 & 35	Device	Safa Systems & Technologies Ltd.	5202548 & 5202549	09/11/2021	Objected
2		This logo used since partnership firm for which no application has been made for registration.					

*Television, Television Apparatus, Mobile Accessories, Tab, Computer Peripherals, Wireless Computer Peripherals, Information Technology and Audio-visual Equipment included in Class 9.*

*Display, Exhibition, Retail, Wholesale, Import, Export and Online Sale Of Television, Television Apparatus, Mobile Accessories, Tab, Computer Peripherals, Wireless Computer Peripherals, Information Technology And Audio visual Equipment, Domestic Grinders, Domestic Washing Machines, Heater, Refrigerator, Water Purifier, Mixer Grinder included in Class 35.*

The trademarks has been applied in the name of the Company. The said trademark has been objected under section 11(1) of the Trade Marks Act, 1999. The reply to the examination report is awaited from the company.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

1. The Fresh Issue of Equity Shares in terms of this draft prospectus has been authorized by a resolution by the Board of Directors passed at their meeting held on December 03, 2021 under Section 62(1)(c) of the Companies Act 2013 and subject to the approval of the members and such other authorities as may be necessary.
2. The Fresh Issue of Equity Shares in terms of this draft prospectus has been authorized by the shareholders by special resolution at the Extra Ordinary General Meeting held on December 06, 2021 under Section 62(1)(c) and other applicable provisions of the Companies Act 2013.
3. Our Company has received In-principal approval from BSE vide their letter dated [●] to use the name of BSE in this draft prospectus for listing of the Equity Shares on SME Platform of BSE. BSE Limited is the Designated Stock Exchange.
4. Our Board has approved the draft Prospectus through its resolution dated January 03, 2022.

### Confirmation:

- Our Company, our Promoters, Promoter Group, our directors, person(s) in control of the promoter or our Company have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.
- Our Company, our Promoters, Promoters' Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.
- None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our directors are associated as promoters or directors.
- None of the Directors are associated with any entities, which are engaged in securities market related business and are registered with SEBI for the same.
- There are no violations of securities laws committed by any of them in the past or pending against them, nor have any companies with which any of our Company, our Promoter, Directors, persons in control of our Company or any natural person behind the Promoter are or were associated as a promoter, director or person in control, been debarred or prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other regulatory or government authority.
- Neither our Company, nor our Promoters, our Directors, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a willful defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as per details provided under Section titled, ***“Outstanding Litigations and Material Developments”*** beginning on page no. 141 of this draft prospectus.
- Our Company is an ***“Unlisted Issuer”*** in terms of the SEBI (ICDR) Regulations; and this Issue is an ***“Initial Public Issue”*** in terms of the SEBI (ICDR) Regulations.

### Eligibility for the Issue

- Our Company is not ineligible in terms of Regulations 228 of SEBI ICDR Regulations for this Issue as:
  - Neither our company, nor any of its promoters, promoter group or directors are debarred from accessing the capital market by the Board.
  - Neither our promoters, nor any directors of our company are a promoter or director of any other company which is debarred from accessing the capital market by the Board
  - Neither our Promoter nor any of our directors is declared as Fugitive Economic Offender
  - Neither our Company, nor our Promoter, relatives (as defined under the Companies Act, 2013) of our Promoter nor our directors, are Willful Defaulters.
- Our Company is eligible for the Issue in accordance with Regulation 229(2) and other provisions of Chapter IX of the SEBI (ICDR) Regulations 2018, as we are an Issuer whose post issue face value paid-up capital will be more than ten crores and upto twenty-five crore rupees, and we may hence, issue Equity Shares to the public and propose to list the same on the ***SME Platform of BSE Ltd***



**We further confirm that:**

- i. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this issue is 100% underwritten and that the Lead Manager to the Issue shall underwrite minimum 15% of the Total Issue Size.
- ii. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottee's in the issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be refunded within 4 (Four) days of such intimation. If such money is not repaid within 4 (Four) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of 4 (Four) days, be liable to repay such application money, with interest at the rate 15% per annum. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.
- iii. In terms of Regulation 246 (1) of the SEBI (ICDR) Regulations, 2018, a copy of the prospectus will be filed with the SEBI through the Lead Manager immediately upon filing of the offer document with the Registrar of Companies.

However, as per Regulation 246 (2) of the SEBI (ICDR) Regulations, 2018, The Board (SEBI) shall not issue any observation on the offer document.

Further, in terms of Regulation 246 (3) of the SEBI (ICDR) Regulations, 2018 the lead manager will also submit a due diligence certificate as per format prescribed by SEBI along with the prospectus to SEBI.

Further, in terms of Regulation 246 (4) of the SEBI (ICDR) Regulations, 2018 the draft prospectus will be displayed from the date of filling in terms of sub-regulation (1) on the website of the Board, The Lead Manager and the SME Platform of BSE.

Moreover, in terms of Regulation 246 (5) of the SEBI (ICDR) Regulations, 2018, a copy of this draft prospectus and prospectus shall also be furnished to the Board in a soft copy.

- iv. In accordance with Regulation 261 of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement dated [●] with the Lead Manager and a Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the SME Platform of BSE Ltd.

**In terms of Regulation 229(3) of the SEBI (ICDR) Regulations, 2018, We confirm that we have fulfilled eligibility criteria for SME Platform of BSE Limited, which are as under:**

❖ ***Incorporation: The Company shall be incorporated under the Companies Act, 1956/2013.***

Our Company is incorporated as Limited Company under the Companies Act, 2013.

❖ ***Post Issue Paid up Capital: The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores.***

The post issue paid up capital (Face Value) of the company will be **₹15.08 crores**. So, the company has fulfilled the criteria of post issue paid up capital shall not be more than ₹ 25 crores.

❖ ***Net-worth: Positive Net-worth.***

As per restated financial statement, the net-worth of the company is ₹ 843.75 Lakhs as on October 07, 2021. Our company has positive net-worth. So, the company has fulfilled the criteria of positive net-worth of the company.

❖ ***Tangible Asset: Net Tangible Assets should be minimum ₹ 1.50 Crore.***

As per restated financial statement, the net tangible assets of the company are ₹ 843.60 Lakhs as on October 07, 2021. So, the company has fulfilled the criteria of minimum net tangible assets shall not be less ₹ 1.50 crores.

❖ ***Track Record: The company or the partnership/proprietorship/LLP Firm or the firm which have been converted into the company should have combined track record of at least 3 years***

Our company including its erstwhile partnership firm having combined track record of more than 3 years.



❖ **Positive cash accruals (earnings before depreciation and tax) in any of the years out of last three years:**

Our company is having positive cash accruals, details are mentioned as below

(Amt. in Lakhs.)

Particulars	As on 07-10-2021	F.Y. 2020-21	F.Y. 2019-20	F.Y. 2018-19
Total Turnover	14,519.22	20,866.09	25,522.55	25,574.23
Cash Accruals (Earnings Before Depreciation and Tax) as per restated financials	44.03	54.21	58.34	88.02

❖ **It is mandatory for a company to have a website.**

Our Company has a live and operational website i.e., [www.sssinfo.in](http://www.sssinfo.in)

❖ **It is mandatory for the company to facilitate trading in demat securities and enter into an agreement with both the depositories.**

Our Company shall mandatorily facilitate trading in demat securities and have entered into an agreement with both the depositories. Our Company has entered into an agreement for registration with the Central Depository Services Limited (CDSL) dated November 16, 2021 and National Securities Depository Limited dated November 01, 2021 for establishing connectivity.

❖ **There should not be any change in the promoters of the company in preceding one year from date of filing the application to BSE for listing under SME segment.**

Our company has been converted from partnership firm to company and all the partners of the erstwhile partnership firm become the subscriber to the memorandum of the company.

❖ Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

❖ There is no winding up petition against our Company, which has been admitted by the Court or a liquidator has not been appointed.

❖ No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the applicant company.

**We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations 2018, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.**

**As per Regulation 230 (1) of the SEBI ICDR Regulations, our Company has ensured that:**

❖ The Draft Prospectus has been filed with BSE and our Company has made an application to BSE for listing of its Equity Shares on the SME platform. BSE is the Designated Stock Exchange.

❖ Our Company has entered into an agreement dated November 01, 2021 with NSDL and agreement dated November 16, 2021 with CDSL for dematerialization of its Equity Shares already issued and proposed to be issued.

❖ The entire pre-Issue share capital of our Company are fully paid-up and the Equity Shares proposed to be issued pursuant to this IPO will be fully paid-up.

❖ The entire Equity Shares held by the Promoters are in dematerialized form.

Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230 (2) of the SEBI ICDR Regulations, to the extent applicable.



## DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF ISSUE DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE ISSUE DOCUMENT. THE LEAD MANAGER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE ISSUE DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE ISSUE DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, FINSHORE MANAGEMENT SERVICES LIMITED HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED [●], 2022 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI (ICDR) REGULATION 2018 WHICH SHALL ALSO BE SUBMITTED TO SEBI AFTER FILING THE PROSPECTUS WITH ROC AND BEFORE OPENING OF THE ISSUE IN ACCORDANCE WITH THE SEBI ICDR REGULATION, 2018.

THE FILING OF THIS ISSUE DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

***THE DUE DILIGENCE CERTIFICATE TO BE SUBMITTED AS PER FORM A OF SCHEDULE V INCLUDING ADDITIONAL CONFIRMATION AS PROVIDED IN FORM G OF SCHEDULE V IS PRODUCED AS UNDER:***

**WE, THE LEAD MERCHANT BANKER TO THE ABOVE-MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - A. THE DRAFT PROSPECTUS FILED WITH THE EXCHANGE/BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;
  - B. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE MATERIAL DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.



5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD/EXCHANGE TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.
6. WE CERTIFY THAT ALL APPLICABLE PROVISION OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT ALL APPLICABLE PROVISION OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHICH RELATE TO RECEIPT OF PROMOTERS CONTRIBUTION PRIOR TO OPENING OF THE ISSUE SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD/EXCHANGE. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – **NOT APPLICABLE**
8. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGE MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CERTIFY THAT ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT, 1996, AND THE REGULATIONS MADE THEREUNDER.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL-INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.
14. WE ENCLOSE A NOTE EXPLAINING THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US INCLUDING IN RELATION TO THE BUSINESS OF THE ISSUER, THE RISK IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTION ENTERED INTO FOR THE PERIOD DISCLOSED IN THE DRAFT PROSPECTUS HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH APPLICABLE LAWS.



15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR NO. CIR/CFD/DIL/7/2015 DATED OCTOBER 30, 2015.

**ADDITIONAL CONFIRMATIONS/CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH ISSUE DOCUMENT REGARDING SME PLATFORM OF BSE LIMITED.**

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES ISSUED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED DRAFT PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 - **NOTED FOR COMPLIANCE**.
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
- (5) THE ISSUER HAS REDRESSED AT LEAST NINETY-FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF FILING OF THE OFFER DOCUMENT WITH THE REGISTRAR OF COMPANIES. - **NOT APPLICABLE**.
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 261 AND 262 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 HAVE BEEN MADE- **NOTED FOR COMPLIANCE**.

**DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than those contained in this draft prospectus or in the advertisements or any other material issued by or at our Company's instance and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

**CAUTION**

The LM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered between the LM (Finshore Management Services Limited) and our Company on December 03, 2021 and the Underwriting Agreement dated [●] entered into between the Underwriters and our Company and the Market Making Agreement dated [●] entered into among the Market Maker, LM and our Company.

All information shall be made available by our Company and the LM 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 collection centres or elsewhere.

The LM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

Note: Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue,



sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500.00 Lakh and pension funds with a minimum corpus of ₹ 2,500.00 Lakh, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This draft prospectus does not, however, constitute an Issue to sell or an invitation to subscribe for Equity Shares Issued hereby in any jurisdiction other than India to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this draft prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in **Kerala, India** only.

No action has been, or will be, taken to permit a public Issuing in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be Issued or sold, directly or indirectly, and this draft prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this draft prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **DISCLAIMER CLAUSE OF THE SME PLATFORM OF BSE**

As required, a copy of this Offer Document has been submitted to BSE Limited (hereinafter referred to as BSE).

BSE Limited (“BSE”) has vide its letter dated [●] given permission to “Safa Systems & Technologies Limited” to use its name in the offer document as the Stock Exchange on whose Small and Medium Enterprises platform (“SME platform”) the company’s securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. BSE does not in any manner: -

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer documents; or
- ii. warrant that this company’s securities will be listed on completion of Initial Public Offering or will continue to be listed on BSE; or
- iii. take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company.
- iv. warrant, certify, or endorse the validity, correctness or reasonableness of the price at which the equity shares are offered by the company and investors are informed to take the decision to invest in the equity shares of the company only after making their own independent enquiries, investigation and analysis. The price at which the equity shares are offered by the company is determined by the company in consultation with the Merchant Banker(s) to the issue and the Exchange has no role to play in the same and it should not for any reason be deemed or construed that the contents of this offer document have been cleared or approved by BSE. Every person who desires to apply for or otherwise acquire any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE 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.
- v. BSE does not in any manner be liable for any direct, indirect, consequential or other losses or damages including loss of profits incurred by any investor or any third party that may arise from any reliance on this offer document or for the reliability, accuracy, completeness, truthfulness or timeliness thereof.
- vi. The company has chosen the SME platform on its own initiative and its own risk, and is responsible for complying with local laws, rules, regulations, and other statutory or regulatory requirements stipulated by BSE/other regulatory authority. Any use of the SME platform and the related services are subject to Indian laws and courts exclusively situated in Mumbai.



#### **DISCLAIMER CLAUSE UNDER RULE 144A OF THE U.S. SECURITIES ACT**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be Issued or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be Issued and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those Issues and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be Issued or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **LISTING**

The Equity Shares of our Company are proposed to be listed on SME platform of BSE. Our Company has obtained in-principle approval from BSE by way of its letter dated [●] for listing of equity shares on SME platform of BSE.

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall return through verifiable means the entire monies received within four (4) days of receipt of intimation from stock exchange rejecting the application for listing or trading without any interest.

If such money is not repaid within four (4) days from the date our Company becomes liable to repay it, then our Company and every Director of the Company who is officer in default shall, on and from expiry of four (4) days, be jointly and severally liable to repay such application money, with interest at the rate of fifteen per cent per annum (15% p.a.).

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within Six (6) Working Days of the Issue Closing Date.

#### **FILING**

The draft prospectus is being filed with BSE Limited, 20<sup>th</sup> Floor, P.J. Towers, Dalal Street, Fort, Mumbai-400001, Maharashtra.

After getting in-principal approval from BSE, a copy of the prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for filing to the Registrar of Companies, Chandigarh.

A copy of this draft prospectus shall be furnished to SEBI in soft copy. A copy of the prospectus shall be filed with SEBI immediately upon filing of the Offer document with Registrar of Companies in term of Regulation 246 of the SEBI (ICDR) Regulations, 2018. However, SEBI shall not issue any observation on the draft prospectus/prospectus.

#### **IMPERSONATION**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who-

- a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*Shall be liable to action under Section 447 of the Companies, Act 2013.*



## CONSENTS

Consents in writing of (a) Our Directors, Our Promoters, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Key Managerial Personnel, Our Peer Review Auditor, (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue, Sponsor Bank, Legal Advisor to the Issue, Underwriter(s) to the Issue and Market Maker to the Issue to act in their respective capacities shall be obtained as required under Section 26 of the Companies Act, 2013 and shall be filed along with a copy of the draft prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the draft prospectus for filing with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations 2018, M/s **Kapish Jain & Associates**, Chartered Accountant, our Peer Review Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on “Statement of Tax Benefits” relating to the possible tax benefits and restated financial statements as included in this draft prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of this draft prospectus for filing with RoC.

## EXPERTS OPINION

Except for the reports in the Section, “*Statement of Possible Tax Benefits*” and “*Financial Statement as Restated*” on page no 56 and page no 115 of this draft prospectus from the Peer Review Auditors and Statutory Auditor respectively; our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

## PARTICULARS REGARDING PUBLIC OR RIGHTS ISSUES DURING THE LAST FIVE (5) YEARS

Except as stated under Section titled “*Capital Structure*” beginning on page no. 39 of this draft prospectus our Company has not undertaken any previous public or rights issue. Further, we are an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, 2018, amended from time to time and the Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations, 2018, amended from time to time.

## UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION ON PREVIOUS ISSUES IN LAST 5 YEARS

Since this is the initial public Issuing of our Company’s Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

## PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED GROUP-COMPANIES / SUBSIDIARIES/ ASSOCIATES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 186 OF THE COMPANIES ACT, 2013 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS:

Neither our Company nor any other companies under the same management within the meaning of Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three year except as mentioned in this draft prospectus. This is the initial public Issuing of our Company’s Equity Shares

## PERFORMANCE VIS-A-VIS OBJECTS–PUBLIC/RIGHT ISSUE OF OUR COMPANY

Except as stated under Section titled “*Capital Structure*” beginning on page 39 of this draft prospectus our Company has not undertaken any previous public or rights issue.

## PERFORMANCE VIS-A-VIS OBJECTS - LAST ISSUE OF LISTED SUBSIDIARIES/LISTED PROMOTERS

We don’t have any listed company under the same management or any listed subsidiaries or any listed promoters.

## OUTSTANDING DEBENTURES OR BOND ISSUES OR REDEEMABLE PREFERENCE SHARES OR ANY OTHER CONVERTIBLE INSTRUMENTS ISSUED BY OUR COMPANY

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this draft prospectus.

## OPTION TO SUBSCRIBE

Equity Shares being issued through the draft prospectus can be applied for in dematerialized form only.

## STOCK MARKET DATA OF THE EQUITY SHARES

This being an initial public Issue of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchanges.

## MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

Our Company has appointed “**Cameo Corporate Services Limited**” as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company.

The Agreement dated October 20, 2021 amongst the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) year from the last date of dispatch of the letters of allotment, or



demat credit or where refunds are being made electronically, giving of unblocking instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or the collection center of the SCSBs where the Application Form was submitted by the ASBA Applicants in ASBA account or UPI ID linked bank account number in which the amount equivalent to the Bid Amount was blocked. Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

The Applicant should give full details such as name of the sole/first Applicant, Application Form number, Applicant DP ID, Client ID, Bank Account No./UPI ID, PAN, date of the Application Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Application Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mrs. Puneet Kaur, Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:

**Ms. Pushpita Dasgupta**

*Company Secretary & Compliance Officer*

Safa Systems & Technologies Limited

46/2631 B, Safa Arcade, Kaniyapilly Road,

Chakkaraparambu, Ernakulam-682028,

Kerala, India

**Contact No:** 7593001140

**Email ID:** office@sssinfo.in

**Website:** www.sssinfo.in

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web-based complaints redress system "SCORES". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

#### **STATUS OF INVESTOR COMPLAINTS**

We confirm that we have not received any investor complaint during the three years preceding the date of this draft prospectus and hence there are no pending investor complaints as on the date of this draft prospectus.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY LISTED COMPANIES UNDER THE SAME MANAGEMENT AS OUR COMPANY:**

We don't have any listed company under the same management or any listed subsidiaries or any listed promoters.



## PRICE INFORMATION OF PAST ISSUED HANDLED BY THE LEAD MANAGER

### Statement on Price Information of Last 10 (Ten) Issues handled by Finshore Management Services Limited:

Sr. No.	Issue Name	Issue Size (₹ in Cr.)	Issue Price (In ₹)	Listing Date	Opening price on listing date (In ₹)	+/- % change in closing price, [+/- % change in closing benchmark] – 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180 <sup>th</sup> calendar days from listing
1	Northern Spirits Ltd.	18.50	43/-	04/04/2019	43.70	-16.28 [0.72]	-23.26 [0.03]	-42.21 [-0.04]
2	White Organic Retail Ltd.	15.46	63/-	10/05/2019	64.20	31.83 [5.75]	15.87 [-2.06]	15.87 [7.43]
3	SK International Export Ltd.	3.96	20/-	15/07/2019	19.20	-16.00 [-4.98]	-9.75 [-1.98]	0.00 [6.95]
4	Alphalogic Techsys Ltd.	6.18	84/-	05/09/2019	83.00	7.86 [2.81]	1.07 [11.00]	16.67 [4.09]
5	Tranway Technologies Ltd.	4.24	10/-	05/02/2020	11.10	50.00 [-6.49]	1.00 [-22.91]	-21.90 [-8.59]
6	ICL Organic Dairy Products Ltd.	4.08	20/-	17/02/2020	20.80	-25.00 [-25.52]	-3.25 [-24.25]	9.75 [-7.74]
7	DJ Mediaprint & Logistics Ltd.	2.40	20/-	13/04/2020	20.60	165.00 [2.22]	64.50 [19.24]	105.00 [32.00]
8	Promax Power Ltd.	1.60	10/-	12/10/2021	11.00	54.00 [0.11]	N. A.	N. A.
9	Dynamic Services & Security Ltd.	24.13	51/-	13/10/2021	53.00	-13.73 [-0.80]	N. A.	N. A.
10	Destiny Logistics & Infra Limited	5.39	20/-	13/10/2021	20.70	-27.00 [-0.80]	N. A.	N. A.

Status as on 31-12-2021

1. in case where the security is not being traded on 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day, the previous working day has been considered.
2. in case where 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day is holiday, the previous working day has been considered for benchmark and security purpose.
3. the benchmark index is SENSEX where the securities have been listed in BSE SME and Nifty where securities have been listed in NSE Emerge.

### Summary statement of Disclosure for last 4 Years:

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount – 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium – 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium – 180 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	8	57.68	1	1	2	1	N. A.	3	3	1	2	1	N. A.	1
2019-20	6	52.42	N. A.	1	2	N. A.	2	1	N. A.	1	2	N. A.	N. A.	3
2020-21	1	2.40	N. A.	N. A.	N. A.	1	N. A.	N. A.	N. A.	N. A.	N. A.	1	N. A.	N. A.
2021-22	3	31.12	N. A.	1	1	1	N. A.	N. A.	N. A.	N. A.	N. A.	N. A.	N. A.	N. A.

Status as on 31-12-2021

### TRACK RECORD OF PAST ISSUES HANDLED BY FINSHORE MANAGEMENT SERVICES LIMITED

For details regarding track record of LM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the LM at: [www.finshoregroup.com](http://www.finshoregroup.com).



## SECTION XI: ISSUE INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being Issued are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of this draft prospectus, the prospectus, the abridged draft prospectus, Application Form, CAN, the Revision Form, Allotment advices, and other terms and conditions as may be incorporated in the documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that in terms of regulation 256 of the SEBI (ICDR), 2018 read with SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in this issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e., just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) process or UPI payment mechanism by providing UPI ID in the Application Form which is linked from Bank Account of the investor.*

### AUTHORITY FOR THE PRESENT ISSUE

This Issue has been authorized by a resolution of the Board passed at their meeting held on December 03, 2021 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 62(1)(c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62(1)(c) of the Companies Act, 2013 passed at the EGM of the Company held on December 06, 2021.

### RANKING OF EQUITY SHARES

The Equity Shares being Issued shall be subject to the provisions of the Companies Act, 2013 and our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees, upon Allotment of Equity Shares under this Issue, will be entitled to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to Section titled, ***Description of Equity Shares and Terms of the Articles of Association***, beginning on page 183 of this draft prospectus.

### OFFER FOR SALE

In the case of offer for sale, the dividend for the entire year shall be payable to the transferees and the company has to disclose the name of the entity bearing the cost of making offer for sale along with reasons. However, the present issue does not include offer for sale and hence the said disclosure is not applicable to us.

### MODE OF PAYMENT OF DIVIDEND

Our Company shall pay dividend to the shareholders of our Company in accordance with the provisions of the Companies Act, 2013, as may be applicable, the Articles of Association of our Company, the provisions of the SEBI Listing Regulations and any other rules, regulations or guidelines as may be issued by the Government of India in connection there to and as per the recommendation by our Board of Directors and approved by our Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, for further details in relation to dividends, please refer to Sections titled, ***Dividend Policy*** and ***Description of Equity Shares and Terms of the Articles of Association***, beginning on page 114 and 183 respectively, of this draft prospectus.

### FACE VALUE AND ISSUE PRICE

The face value of the share of our company is ₹10/- per equity share and the issue price is ₹10/- per equity share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the Section titled, ***Basis for Issue Price*** beginning on page 54 of this draft prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### COMPLIANCE WITH SEBI (ICDR) REGULATIONS

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations as amended time to time. 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 of our Company, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive Issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable law, including any RBI Rules and Regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the previous Companies Act, 1956 and Companies Act, 2013, as may be applicable, terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For further details on the main provision of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, etc., please refer to Section titled, ***"Description of Equity Shares and Terms of the Articles of Association"***, beginning on page 183 of this draft prospectus.

## **MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issuer:

1. Tripartite agreement dated November 01, 2021 between our Company, NSDL and the Registrar to the Issue.
2. Tripartite agreement dated November 16, 2021 between our Company, CDSL and the Registrar to the Issue

The trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares and the same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this draft prospectus will be done in multiples of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares to the successful Applicants in terms of the SEBI Circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

## **MINIMUM NUMBER OF ALLOTTEES**

In accordance with the Regulation 268 of SEBI ICDR Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of issue.

## **JOINT HOLDERS**

Where two (2) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint holders with benefits of survivorship.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 72 of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the Applicants, 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 in accordance with Section 72 of the Companies Act, 2013, 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013, any Person who becomes a nominee by virtue of this section shall upon the production of such evidence as may be required by the Board, elect either:

To register himself or herself as the holder of the Equity Shares; or to make such transfer of the Equity Shares, as the deceased holder could have made.



Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### PERIOD OF SUBSCRIPTION LIST OF PUBLIC ISSUE

<b>ISSUE OPENS ON</b>	[●]
<b>ISSUE CLOSES ON</b>	[●]

- *In terms of regulation 265 of SEBI (ICDR) Regulation, 2018, the issue shall be open after at least three working days from the date of filing the prospectus with the Registrar of Companies.*
- *In terms of regulation 266(1) of SEBI (ICDR) Regulation, 2018, Except as otherwise provided in these regulations, the public issue shall be kept open for at least three working days and not more than ten working days.*
- *In terms of regulation 266(2) of SEBI (ICDR) Regulation, 2018, In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring draft prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation (1) is not applicable to our company as this is fixed price issue.*
- *In terms of regulation 266(3) of SEBI (ICDR) Regulation, 2018, In case of force majeure, banking strike or similar circumstances, our company may, for reasons to be recorded in writing, extend the issue period disclosed in the draft prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation 266(1).*

Application Forms and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (IST) during the Issue Period (except for the Issue Closing Date). On the Issue Closing Date, the Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. (IST) for retail and non-retail Applicants. The time for applying for Retail Individual Applicants on Issue Closing Date maybe extended in consultation with the LM, RTA and BSE SME taking into account the total number of applications received up to the closure of timings.

Due to the limitation of time available for uploading the Application Forms on the Issue Closing Date, Applicants are advised to submit their applications one (1) day prior to the Issue Closing Date and, in any case, not later than 3.00 p.m. (IST) on the Issue Closing Date. Any time mentioned in this draft prospectus is IST. Applicants are cautioned that, in the event a large number of Application Forms are received on the Issue Closing Date, as is typically experienced in public issues, some Application Forms may not get uploaded due to the lack of sufficient time. Such Application Forms that cannot be uploaded will not be considered for allocation under this Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the LM is liable for any failure in uploading the Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Applicants can revise or withdraw their Application Forms prior to the Issue Closing Date. Allocation to Retail Individual Applicants, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per the file received from BSE SME may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Application Form, for a particular ASBA Applicant, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / stock brokers, as the case may be, for the rectified data.

#### MINIMUM SUBSCRIPTION

In accordance with Regulation 260(1) of SEBI (ICDR) Regulations, this Issue is 100% underwritten, so this issue is not restricted to any minimum subscription level.

As per section 39 of the new Companies Act, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of thirty (30) days from the date of issue of draft prospectus, the application money has to be returned within such period as may be prescribed.

If our Company does not receive the subscription of 100% of the Issue through this Issue Document including devolvement of Underwriters, our Company shall forthwith unblock the entire subscription amount received. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under section 73 of the Companies Act, 2013 and applicable law.



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

#### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the Equity Shares will happen in the minimum contract size of 10,000 equity shares in terms of the SEBI Circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, in terms of Regulation 261(5) of the SEBI ICDR Regulations, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

#### **APPLICATION BY ELIGIBLE NRI'S, FPI'S/FII'S REGISTERED WITH SEBI, VCF'S REGISTERED WITH SEBI AND QFIs**

It is to be understood that there is no reservation for Eligible NRIs or FPIs/FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

NRIs, FPIs/FIIs and foreign venture capital investors registered with SEBI are permitted to purchase shares of an Indian company in a public Issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

#### **AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBs CANNOT PARTICIPATE IN THIS ISSUE.**

As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation.

#### **RESTRICTIONS ON TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING**

Except for lock-in of the Pre- Issue Equity Shares and Promoter minimum contribution in the Issue as detailed in the Section titled "*Capital Structure*" beginning on page 39 of this draft prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfer and transmission and on their consolidation/splitting of Equity Shares. For further details, please refer to the Section titled, "*Description of Equity Shares and Terms of the Articles of Association*", beginning on page 183 of this draft prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the LM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the LM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this draft prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

#### **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

As per Section 29 of the Companies Act, 2013 and in accordance with SEBI (ICDR) Regulations, every company making public Issue shall issue securities only in dematerialized form only. Hence, the Equity Shares being Issued can be applied for in the dematerialized form only. Further, it has been decided by the SEBI that trading in securities of companies making an initial public Issue shall be in dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME platform of BSE.



### **MIGRATION TO MAIN BOARD**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter IX of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter IX of the SEBI ICDR Regulations, the migration to the Main board of BSE from the SME platform of BSE on a later date shall be subject to the following:

- If the Paid up Capital of our Company is likely to increase above ₹ 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which our Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board

OR

- If the Paid-up Capital of the company is more than ₹ 10 crore but below ₹25 crore, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **MARKET MAKING**

The Equity Shares offered through this Issue are proposed to be listed on the SME Platform of BSE, wherein [●] is the Market Maker to this Issue shall ensure compulsory Market Making through the registered Market Makers of the BSE SME for a minimum period of three (3) years from the date of listing on the SME Platform of BSE. For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker please refer to Section titled, ***“General Information- Details of the Market Making Arrangements for this Issue”*** beginning on page 32 of this draft prospectus.

### **NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as Deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this issue.

### **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in ***Kerala, India***.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be Issued or sold within the United States to, or for the account or benefit of “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, registration requirements of the U.S. Securities Act and applicable U.S. state Securities laws. Accordingly, the Equity Shares are only being Issued or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those Issues and sales occur.

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



## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 229(2) of Chapter IX of the SEBI (ICDR) Regulations 2018, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty-five crore rupees, shall issue shares to the public and propose to list the same on the platform of Small and Medium Enterprise (SME platform of BSE). For further details regarding the salient features and terms of such this Issue, please refer to Sections titled “*Terms of the Issue*” and “*Issue Procedure*” beginning on pages 157 and 164, respectively, of this draft prospectus.

The present Issue of 40,00,000 Equity Shares at an issue price of ₹10/-each aggregating to ₹400.00 Lakhs by our Company. The Issue and the Net Issue will constitute 26.53% and 25.20%, respectively of the post issue paid up equity share capital of the Issuer Company.

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares</b>	38,00,000 Equity Shares	2,00,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	95.00% of the Issue Size	5.00% of the Issue Size
<b>Basis of Allotment/Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of Equity Shares and further allotment in multiples of 10,000 Equity Shares each.  For further details please refer to “Basis of Allotment” under Section titled “ <i>Issue Procedure</i> ” beginning on page 164 of this draft prospectus.	Firm Allotment
<b>Mode of Application</b>	Through ASBA Process Only or through UPI for Retail Individual Investors	Through ASBA Process Only
<b>Mode of Allotment</b>	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
<b>Minimum Application Size</b>	<b>For Other than Retail Individual Investors:</b> 30,000 Equity Shares at issue price of Rs. 10/- each so that the Application Value exceeds ₹2,00,000  <b>For Retail Individuals:</b> 10,000 Equity Shares at Issue price of ₹10/- each.	2,00,000 Equity Shares @ ₹10/- each
<b>Maximum Application Size</b>	<b>For Other than Retail Individual Investors:</b> 38,00,000 Equity shares (The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations applicable.)  <b>For Retail Individuals Investors:</b> 20,000 Equity Shares at Issue price of ₹10/- each.	2,00,000 Equity Shares @ ₹10/- each
<b>Trading Lot</b>	10,000 Equity Shares	10,000 Equity Shares. However, the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.
<b>Terms of Payment</b>	<b>100% at the time of application</b>	<b>100% at the time of application</b>

This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations. For further details please refer to section titled “*Issue Structure*” beginning on page 162 of this Draft Prospectus.

\*Since present issue is a fixed price issue, the allocation in the net offer to the public category in terms of Regulation 253 (2) of the SEBI (ICDR) Regulations, 2018 shall be made as follows:

- a) Minimum fifty per cent to retail individual investors; and
- b) Remaining to: (i) individual applicants other than retail individual investors; and (ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for; Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

Explanation: If the retails individual investor category is entitled to more than fifty per cent of the issue size on a proportionate basis, the retails individual investors shall be allocated that higher percentage. For further information on the Allocation of Net Offer to Public, please refer to chapter titled “*The Issue*” on page no. 28 of this Draft Prospectus.



## WITHDRAWAL OF THE ISSUE

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

In case, our Company wishes to withdraw the Issue after Issue Opening but before allotment, our Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two (2) widely circulated national newspapers (one each in English and Hindi) and one (1) in regional newspaper where the registered office of the Company is situated.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared, and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public Issuing of Equity Shares, our Company will file a fresh Issue document with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares Issued through this draft prospectus, which our Company will apply for only after Allotment.

## ISSUE PROGRAMME

Issue Opening Date	[●]
Issue Closing Date	[●]
Finalisation of Basis of Allotment with BSE SME	[●]
Initiation of Allotment / Refunds/ unblocking of ASBA Accounts	[●]
Credit of Equity Shares to demat accounts of the Allottees	[●]
Commencement of trading of the Equity Shares on BSE SME	[●]

*Note: The above timetable is indicative in nature and does not constitute any obligation on the Company or the Lead Manager. While our Company shall ensure that all the steps for completion of all the necessary formalities for the listing and trading of our equity shares on the SME Platform of BSE are taken within 6 working days of the issue closing date, the time table may change due to various factors such as extension of the issue period by the Company or any delay in receiving final listing and trading approval from the BSE. The Commencement of the trading of Equity shares will be entirely at the discretion of the BSE SME in accordance with the applicable laws*

Applications and any revisions to the same will be accepted only between 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form. On the Issue Closing Date when applications will be accepted only between 10:00 a.m. to 4:00 p.m. (Indian Standard Time).

Due to limitation of time available for uploading the application on the Issue Closing Date, Applicants are advised to submit their applications one day prior to the Issue Closing Date and, in any case, not later than 1:00 p.m. IST on the Issue Closing Date. Any time mentioned in this draft prospectus is IST. Applicants are cautioned that, in the event a large number of applications are received on the Issue Closing Date, as is typically experienced in public Issues, some applications may not get uploaded due to lack of sufficient time. Such applications that cannot be uploaded will not be considered for allocation under this Issue.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday)



## ISSUE 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, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Application Form. The General Information Document is available on the websites of the Stock Exchanges and the Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue especially in relation to the process for Bids by Retail Individual Investors through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of 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 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by Retail Individual Investors through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to **continue with the UPI Phase II till further notice**. The final reduced timeline will be made effective using the UPI Mechanism for applications by Retail Individual Investors (“UPI Phase III”), as may be prescribed by SEBI. The Issue will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time.

SEBI vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, which came into effect from May 01, 2021 had put in place measures to have a uniform policy to further streamline the processing of ASBA applications through UPI process among intermediaries/SCSBs and also provided a mechanism of compensation to investors.

However, in view of the representations received from stakeholders, SEBI vide Circular no: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 given some relaxation for the implementation timelines for the provisions of “the circular” which are as under:

- **SMS Alerts:** Para 9 of “the circular” prescribed the details to be sent by SCSB’s in SMS alerts. While SCSB’s shall continue to send SMS alerts during the actual block/debit/unblock of UPI mandate in the prescribed format, the details of total number of shares applied/allotted/non-allotted etc shall be included in SMS for Public Issues opening on/after January 01, 2022.
- **Web Portal for CUG:** For ease of doing business, Para 10 of “the circular” prescribed a web portal to be hosted by Sponsor Banks for closed user group (hereinafter referred to as “CUG”) entities. In view of the representations received from the stakeholders, it has been decided that:
  - ❖ The automated web portal shall be live and operational after due testing and mock trials with the CUG entities for Public Issues opening on or after October 01, 2021. The requisite information on this automated portal shall be updated periodically in intervals not exceeding two hours.
  - ❖ In the interim, for the Public Issues opening from the date of this circular and till the automated web portal is live and operational, the Sponsor Banks shall send the details prescribed in Para 10 of “the circular” to the e-mail address of CUG entities periodically in intervals not exceeding three hours. In case of exceptional events viz., technical issues with UPI handles/PSPs/TPAPS/SCSB’s etc, the same shall be intimated immediately to the CUG entities so as to facilitate the flow of information in the Public Issue process.



- ❖ The Stock Exchanges and Lead Managers shall facilitate providing the requisite data of CUG entities to Sponsor Bank for the development of automated web portal. Such information shall be provided to the Sponsor Bank before opening of the Public Issue.
- **Completion of Unblocks by T+4:** Para 13 of “the circular” prescribed the process and timeline for ensuring the completion of unblocks pertaining to UPI mandates on T+4 (T: Issue Closing Date). while the process of unblocking shall be completed by T+4, in view of the representations received from stakeholders, the following shall be the revised timelines:
  - ❖ The Registrar to the Issue shall provide the allotment/ revoke files to the Sponsor Bank by 8:00 PM on T+3 i.e., the day when the Basis of Allotment (BOA) has to be finalized.
  - ❖ The Sponsor Bank shall execute the online mandate revoke file for Non-Allottees/ Partial Allottees and provide pending applications for unblock, if any, to the Registrar to the Issue, not later than 5:00 PM on BOA+1.
  - ❖ Subsequent to the receipt of the pending applications for unblock from the Sponsor Bank, the Registrar to the Issue shall submit the bank-wise pending UPI applications for unblock to the SCSBs, not later than 6:30 PM on BOA+1.
  - ❖ To ensure that the unblocking is completed on T+4, the Lead Managers, on a continuous basis and before the opening of the public issue shall take up the matter with the SCSB’s at appropriate level.

*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 (four) Working Days from the Issue Closing Date, the Applicant shall be compensated at a uniform rate of Rs.100 per day for the entire duration of delay exceeding four Working Days from the Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The LM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.*

*Our Company and the LM do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus. Further, our Company and the LM are not liable for any adverse occurrence’s consequent to the implementation of the UPI Mechanism for application in this Issue.*

#### **Phased implementation of Unified Payments Interface (UPI)**

SEBI has issued the various 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 Retail Individual Investors through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to 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, a Retail Individual Investor 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. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020 decided to continue Phase II of UPI with ASBA until further notice. Under this phase, submission of the ASBA Form by Retail Individual Investors through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

**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. For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Managers.



## FIXED PRICE ISSUE PROCEDURE

The Issue is being made in compliance with the provisions of Chapter IX of the SEBI ICDR Regulations, and through the Fixed Price Process wherein 50% of the Net Issue to Public is being offered to the Retail Individual Applicants and the balance is being offered to Other Investors including QIBs and Non-Institutional Applicants. However, in case of under-subscription in either category, unsubscribed portion shall be allocated to investors in other category subject to valid Applications being received from them at the Issue Price.

Subject to the valid Applications being received at the Issue Price, allotment to all categories in the Net Issue, shall be made on a proportionate basis, except for the Retail Individual Investors Category where Allotment to each Retail Individual Applicants shall not be less than the minimum lot, subject to availability of Equity Shares in Retail Individual Investors Category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any 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 in consultation with the Lead Manager and the Stock Exchange.

**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 Applicants only in dematerialised form. It is mandatory to furnish the details of Applicant's depository account along with Application Form. The Application Forms which do not have the details of the Applicants' depository account, including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Application Forms which do not have the details of the Applicants' PAN, (other than Applications made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Applicants will not have the option of being Allotted Equity Shares in physical form.**

## APPLICATION FORM

Copies of Application Forms and Abridged Prospectus will be available with the Syndicate/sub-Syndicate members, SCSBs and at our Registered Office. In addition, an electronic copy of the Application Forms and Abridged Prospectus will also be available for download on the website of the Company, Lead Manager and Stock Exchange, BSE ([www.bseindia.com](http://www.bseindia.com)), at least one day prior to the Issue Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process. The Retail Individual Investors can additionally Bid through the UPI Mechanism.

All ASBA Bidders must provide either, (i) bank account details and authorizations to block funds in the ASBA Form; or (ii) the UPI ID (in case of Retail Individual Investors), as applicable, in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected. Applications made by the Retail Individual Investors using third party bank account or using third party linked bank account UPI ID are liable for rejection. Retail Individual Investors bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Application Form and the Application Form that does not contain the UPI ID are liable to be rejected.

Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSBs or Registrars to an Issue and Share Transfer Agents or Depository Participants, as the case may be, submitted at the Collection centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Application Form for various categories applying in this issue is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA)**	White*
Non-Residents and Eligible NRIs applying on a repatriation basis (ASBA)**	Blue*

\* Excluding electronic Application Form.

\*\* Application forms will also be available on the website of the BSE ([www.bseindia.com](http://www.bseindia.com)). Same Application Form applies to all ASBA Applicants/ Retail Individual Applicants applying through UPI mechanism, irrespective of whether they are submitted to the SCSBs, to the Registered Brokers, to Registrars to an Issue and Share Transfer Agents, Depository Participants or to the Syndicate (in Specified Cities).

In case of ASBA Forms, Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than Retail Individual Investors 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. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.



For Retail Individual Investors 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 Retail Individual Investors for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to Retail Individual Investors, 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 Retail Individual Investors (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 Issue shall provide the audit trail to the LM for analysing the same and fixing liability.

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 LM 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 UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

### WHO CAN APPLY?

Each Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Application Form and GID for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- i. Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- ii. Applications belonging to an account for the benefit of a minor (under guardianship);
- iii. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Application by HUFs will be considered at par with Applications from individuals;
- iv. Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- v. QIBs;
- vi. NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- vii. Qualified Foreign Investors subject to applicable law;
- viii. Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- ix. Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under the irrelative constitutions to hold and invest in equity shares;
- x. Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- xi. Insurance companies registered with IRDAI;
- xii. Mutual Funds registered with SEBI;
- xiii. FPIs other than Category III Foreign Portfolio Investor;
- xiv. Category III Foreign Portfolio Investors, which are foreign corporates or foreign individuals only under the Other Investors Category;
- xv. Scientific and/ or industrial research organizations authorised in India to invest in the Equity Shares; and
- xvi. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

#### **Applications should not be made by:**

- i. Minors (except through their Guardians)
- ii. Partnership firms or their nominations
- iii. Foreign Nationals (except NRIs)
- iv. Overseas Corporate Bodies



As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation.

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

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

*The information below is given for the benefit of the applicants. Our Company, and the Lead Manager do not accept responsibility for the completeness and accuracy of the information stated. Our Company, and the Lead Manager is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the draft prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.*

#### **MAXIMUM AND MINIMUM APPLICATION SIZE:**

##### **1. For Retail Individual Applicants:**

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs 2,00,000. As the application price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application only for maximum 2 lot i.e., for 20,000 Equity Shares.

##### **2. For Other than Retail Individual Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds Rs 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

##### **3. Minimum Bid Lot: 10,000 Equity Shares**

#### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with the Designated Stock Exchange. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e., the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category X number of Shares applied for).
- b) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e., Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For applications where the proportionate allotment works out to less than 10,000 Equity Shares the allotment will be made as follows:
  - i) Each successful applicant shall be allotted 10,000 Equity Shares;



- ii) The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- d) If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 10,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
- f) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for Retail Individual applicants as described below:
  - As per Regulation 253(2) of the SEBI (ICDR) Regulations 2018, as the Retail Individual Investor category is entitled to minimum fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - Remaining to Individual applicants other than retail individual investors and other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
  - The unsubscribed portion in either of the categories specified in (i) or (ii) above may be available for allocation to the applicants in the other category, if so required.

“Retail Individual Investor” means an investor who applies for shares of value of not more than ₹2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with the designated stock exchange.

The Executive Director/Managing Director of the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2018.

#### **PARTICIPATION BY ASSOCIATES /AFFILIATES OF LM AND THE SYNDICATE MEMBERS**

The LM, Market Maker and the Underwriter, if any shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting and market making obligations. However, associates/affiliates of the LM and Syndicate Members, if any may subscribe for Equity Shares in the Issue, either in the QIB Category or in the Non- Institutional Category as may be applicable to the Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

#### **APPLICATION BY MUTUAL FUNDS**

As per the current regulations, the following restrictions are applicable for investments by Mutual fund:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Application made by Asset Management Companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.



## **APPLICATIONS BY ELIGIBLE NRIS**

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Applying on a repatriation basis could make payments through the ASBA process only by blocking the funds for the amount payable on application in their NRE Account or FCNR Accounts, maintained with banks authorised by the RBI to deal in foreign exchange.

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by blocking the relevant funds in their NRE or FCNR account, as the case may be. Payment for Application by non-resident Applicants applying on a repatriation basis will not be accepted out of NRO accounts for the full Application amount, at the time of submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour). Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

## **APPLICATIONS BY HUF**

Application by Hindu Undivided Families or HUFs should be in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: “Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Application by HUFs will be considered at par with Applications by individuals.

## **APPLICATIONS BY FPI'S**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased upto the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to the RBI.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital of our Company, 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.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. In case of Applications made by FPIs, a verified true copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached along with the Application form, failing which our Company reserves the right to reject the Application without assigning any reasons thereof.

## **APPLICATIONS BY BANKING COMPANIES**

In case of Applications 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 Application Form, failing which our Company reserves the right to reject any Application by a banking company without assigning any reason therefor.



The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “Banking Regulation Act”), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank’s own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) 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 timebound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) 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.

#### **APPLICATIONS BY SCSB’S**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making 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 ASBA applications.

#### **APPLICATIONS BY SEBI REGISTERED VENTURE CAPITAL FUNDS, ALTERNATIVE INVESTMENT FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**

The SEBI VCF Regulations and the SEBI FVCI Regulations, as amended, inter alia prescribe the investment restrictions on VCFs and FVCIs, respectively, 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 upto 33.33% of the investible funds in various prescribed instruments, including in public offerings.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Applicants including Eligible NRIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, FIIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

Further, according to the SEBI Regulations, the shareholding of VCFs, category I or II AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI. However, such equity shares shall be locked in for a period of at least one year from the date of purchase by the VCF, category I or II AIF or FVCI, as the case may.

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of Applications made by Insurance Companies, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the “IRDAI Investment Regulations”) are broadly set forth below:



- a) Equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b) The entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- c) The industry sector in which the investee company belong to not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) and (iii) above, as the case may be.

The above limit of 10.00% shall stand substituted as 15.00% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12.00% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000.00 million or more but less than ₹2,500,000.00 million.

Insurance companies participating in this Issue, shall comply with all applicable regulations, guidelines and circulars issued by IRDA from time to time.

#### **APPLICATIONS BY PROVIDENT FUNDS/ PENSION FUNDS**

In case of Applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof.

#### **APPLICATIONS UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Mutual Funds, Eligible FPIs, insurance companies Systemically Important Non-Banking Financial Companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), 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, as applicable must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any such Application without assigning any reasons therefor.

#### **APPLICATIONS BY SYSTEMICALLY IMPORTANT NON-BANKING FINANCIAL COMPANIES**

In case of Application by Systemically Important Non-Banking Financial Companies, certified copy of a) the certificate of registration issued by RBI, b) certified copy of its latest audited financial statement on a standalone basis and a net worth certificate from its statutory auditor and c) such other approval as may be required by Systemically Important Non-Banking Financial Companies are required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any such Application without assigning any reasons therefor. Systemically Important Non-Banking Financial Companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

*The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this draft prospectus. Applicants are advised to make their independent investigations and Applicants are advised to ensure that any single Application from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this draft prospectus.*

#### **ISSUE PROCEDURE FOR APPLICATION SUPPORTED BY BLOCKED ACCOUNT (ASBA)**

Applicants In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.



The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Application Form, please refer the above-mentioned SEBI link.

#### **METHOD AND PROCESS OF APPLICATIONS**

1. The Designated Intermediaries shall accept applications from the Applicants during the Issue Period.
2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days.
3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Issue.
5. Designated Intermediaries accepting the application forms shall be responsible for uploading the application along with other relevant details in application forms on the electronic bidding system of stock exchange and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). All applications shall be stamped and thereby acknowledged by the Designated Intermediaries at the time of receipt.
6. The Designated Intermediaries will enter each application option into the electronic collecting system as a separate application and generate a TRS and give the same to the applicant.
7. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
8. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
9. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
10. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **TERMS OF PAYMENT**

The entire Issue price of ₹10/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.



## PAYMENT MECHANISM

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount.

**However, Non-Retail Applicants shall neither withdraw nor lower the size of their applications at any stage.** In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the Application by the ASBA Applicant, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public offer have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

## ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of next Working Day from the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them (iii) the applications accepted but not uploaded by them or (iv) with respect to applications by Applicants, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Manager nor our Company nor the Registrar to the Issue, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) The applications accepted by any Designated Intermediaries (ii) The applications uploaded by any Designated Intermediaries or (iii) The applications accepted but not uploaded by any Designated Intermediaries
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will available at the terminals of Designated Intermediaries and their authorized agents during the Issue Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Application Forms to Designated Branches of the SCSBs for blocking of funds:

Sl. No.	Details*
1	Symbol
2	Intermediary Code
3	Location Code
4	Application No.
5	Category
6	PAN
7	DP ID
8	Client ID
9	Quantity
10	Amount

*\*Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields*



7. With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
  - ❖ Name of the Applicant;
  - ❖ IPO Name;
  - ❖ Application Form Number;
  - ❖ Investor Category;
  - ❖ PAN (of First Applicant, if more than one Applicant);
  - ❖ DP ID of the demat account of the Applicant;
  - ❖ Client Identification Number of the demat account of the Applicant;
  - ❖ Number of Equity Shares Applied for;
  - ❖ Bank Account details;
  - ❖ Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - ❖ Bank account number.
8. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non-Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
12. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our company; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Issue Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Issue.
15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

#### **ALLOCATION OF EQUITY SHARES**

- 1) The Issue is being made through the Fixed Price Process wherein 2,00,000 Equity Shares shall be reserved for Market Maker and 38,00,000 Equity shares (Net Issue) will be allocated on a proportionate basis to Retail Individual Applicants, and Non-Retail Applicants.
- 2) Under- subscription if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Managers and the Stock Exchange.
- 3) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying



on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

- 4) In terms of SEBI Regulations, Non-Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage and retail individual investors can withdraw or revise their bids till issue closure date.
- 5) Allotment status details shall be available on the website of the Registrar to the Issue.

#### **PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act 2013, our Company shall, after filing the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in (i) English National Newspaper; (ii) Hindi National Newspaper and (iii) Regional Newspaper each with wide circulation where the registered office of the Company is situated.

#### **ISSUANCE OF ALLOTMENT ADVICE (CAN)**

- 1) Upon approval of the basis of allotment by the Designated Stock Exchange.
- 2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Applicants are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the issue. The Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.
- 3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful applicants Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

#### **DESIGNATED DATES**

Issue Opening Date	[●]
Issue Closing Date	[●]
Finalisation of Basis of Allotment with BSE SME	[●]
Initiation of Allotment / Refunds/ unblocking of ASBA Accounts	[●]
Credit of Equity Shares to demat accounts of the Allottees	[●]
Commencement of trading of the Equity Shares on BSE SME	[●]

*Note: The above timetable is indicative in nature and does not constitute any obligation on the Company or the Lead Manager. While our Company shall ensure that all the steps for completion of all the necessary formalities for the listing and trading of our equity shares on the SME Platform of BSE are taken within 6 working days of the issue closing date, the time table may change due to various factors such as extension of the issue period by the Company or any delay in receiving final listing and trading approval from the BSE. The Commencement of the trading of Equity shares will be entirely at the discretion of the BSE SME in accordance with the applicable laws*

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- Check if you are eligible as per the terms of this Prospectus and under applicable law, rules, regulations, guidelines and approvals. All applicants (other than Anchor Investors) should submit their Bids through the ASBA process only;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about the PAN, DP ID and Client ID are correct and the Applicants depository account is active, as Allotment of Equity Shares will be in the dematerialized form only;
- Applicant shall use only his / her own bank account or only his / her own bank account linked UPI ID to make an application
- Ensure that the Demographic Details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in the ASBA account or UPI ID linked Bank Account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centers), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- Instruct your respective Banks to not release the funds blocked in the ASBA Account/UPI ID linked Bank Account under the ASBA process;



- Ensure that the Applications are submitted at the Collection centres only on forms bearing the stamp of the Syndicate or Registered Broker or RTAs or DPs or SCSB (except in case of electronic forms). Ensure that your application is submitted either to a member of the Syndicate (in the Specified Locations), a Designated Branch of the SCSB where the Applicant has a bank account or a UPI ID linked Bank Account, or to a Registered Broker at the Broker Centres or to RTAs or DPs at collection centres and not to our Company.
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e., bank account or UPI ID, as applicable) in the Application Form if you are not a Retail Individual Investor bidding using the UPI Mechanism in the Application Form and if you are a Retail Individual Investor using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Application Form.
- Submit revised Applications to the same member of the Syndicate, SCSB or Non-Syndicate Registered Broker, or RTAs or DPs as applicable, through whom the original Application was placed and obtain a revised TRS;
- Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the draft prospectus;
- Ensure that you have requested for and receive a TRS;
- Ensure that you request for and receive a stamped acknowledgement of the Application Form for all your application options;
- All Investors submit their applications through the ASBA process only except as mentioned in SEBI Circular No. *SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 & SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021*;
- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply for a price different from the price mentioned here in or in the Application Form;
- Do not apply on another Application Form after you have submitted an application to the SCSBs, Registered Brokers of Stock Exchange, RTA and DPs registered with SEBI;
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post, instead submit the Designated Intermediary only;
- Do not submit the Application Forms to any non-SCSB bank or our Company;
- Do not apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
- Do not apply for an Application Amount exceeding Rs.2,00,000 (for applications by Retail Individual Applicants);
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit applications on plain paper or incomplete or illegible Application Forms in a color prescribed for another category of Applicant; and
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.
- Do not make more than one application from one bank account.
- Do not use third party bank account or third-party UPI ID linked Bank Account for making the Application;

#### ***Instructions for Completing the Application Form***

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Applications made using a third-party bank account or using third party UPI ID linked bank account are liable to be rejected. Application Forms should bear the stamp of the Designated Intermediaries. ASBA Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e., [www.bseindia.com](http://www.bseindia.com) and NSE i.e., [www.nseindia.com](http://www.nseindia.com). With a view to broad base the reach of Investors by substantial, enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants



registered with SEBI to accept the Application forms in Public Issue with effect from January 01, 2016. The List of ETA and DPs centers for collecting the application shall be disclosed is available on the websites of BSE i.e., www.bseindia.com and NSE i.e., www.nseindia.com.

#### ***Applicant's Depository Account and Bank Details***

Please note that, providing bank account details, PAN No's, Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicant's bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

#### ***Submission of Application Form***

All Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

#### ***Communications***

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

#### ***Disposal of Application and Application Moneys and Interest in Case of Delay***

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE SME platform where the Equity Shares are proposed to be listed are taken within 6 (Six) working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
- Giving of Instructions for refund by unblocking of amount via ASBA not later than 4 (four) working days of the Issue Closing Date, would be ensured; and
- If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

#### ***Right to Reject Applications***

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non-Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.



## OTHER INSTRUCTIONS FOR THE APPLICANTS

### Joint Applications

In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Applicant would be required in the Application Form and such First Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

### Multiple Applications

An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to the Designated Intermediaries and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

## IMPERSONATION:

*Attention of the application is specifically drawn to the provisions of the 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.
- d) The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending upto 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 upto three times of such amount."

## INVESTOR GRIEVANCE

In case of any pre-Issue or post-Issue related problems regarding demat credit/refund orders/unblocking etc., the Investors can contact the Compliance Officer of our Company.

## NOMINATION FACILITY TO APPLICANT

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

## GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that the Applications are liable to be rejected, inter-alia, on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity shares applied for;
- In case of partnership firms, Application for Equity Shares made in the name of the individual partners and no firm as such shall be entitled to apply.
- Application by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane person.
- PAN not mentioned in the Application Form.
- GIR number furnished instead of PAN.
- Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- Applications made using a third-party bank account or using third party UPI ID linked bank account;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 10,000;
- Category not ticked;
- Multiple Applications as defined in this draft prospectus as such, based on common PAN;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and draft prospectus as per the instructions in this draft prospectus and Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;



- Applications by OCBs;
- Applications by US person other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Application not duly signed by the sole applicant;
- Application by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Application that do not comply with the securities laws of their respective jurisdictions are liable to be rejected.
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Application by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals. Application or revision thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000 received after 3.00 pm on the issue Closing date unless the extended time is permitted by BSE.
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants, other Retail Individual Applicants, not submitted through ASBA process and Applications by Retail Individual Applicants not submitted through ASBA process or the UPI process;
- Failure of Retail Individual Applicants to validate the request of blocking of Application amount sent by the Sponsor Bank;
- Applications not uploaded on the terminals of the Stock Exchanges;
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form;
- Details of ASBA Account not provided in the Application form;
- In case of Retail Individual Applicants applying through the UPI mechanism, details of UPI ID, not provided in the Application form; etc.

For details of instruction in relation to the Application Form, Applicants may refer to the relevant section of GID and UPI Circular.

APPLICANT SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGE BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

#### **Names of entities responsible for finalizing the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchange, along with the LM and the Registrar, shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Completion of Formalities for Listing & Commencement of Trading**

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 (six) Working Days of the Issue Closing Date. The Registrar to the Issue may dispatch the Allotment Advice within 6 (six) Working Days of the Issue Closing Date.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- a) The issue is 100% underwritten. Our company has entered into an Underwriting Agreement dated [●] with Lead Manager. For Further information, please refer section “*General Information*” beginning from page no 32 of this draft prospectus.
- b) A copy of prospectus will be filed with the RoC in terms of Section 26 & 32 of Companies Act, 2013.

#### **UNDERTAKINGS BY OUR COMPANY**

We undertake as follows:

- 1) That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6(six) Working days of Issue Closing Date.
- 3) That the funds required for making refunds/unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer.
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the specified period of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) That the promoters’ contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on public in accordance



with applicable provisions in these regulations.

- 6) That no further issue of securities shall be made till the securities offered through the draft prospectus are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 19.
- 7) That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
- 8) That if the Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 9) That if the Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;

#### **UTILIZATION OF ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act2013;
- 2) Details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested.
- 4) The utilisation of monies received under the Promoters' contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- 5) 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.

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of our Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) Agreement dated November 01, 2021 between NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated November 16, 2021 between CDSL, the Company and the Registrar to the Issue;

The Company's equity shares bear an ISIN No. "INE0JNA01014".



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the FEMA and various regulations made thereunder. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”) makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DIPP also issues the Consolidated Foreign Direct Investment Policy from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments.

The current consolidated FDI policy circular of 2017, dated August 28, 2017 issued by the DIPP (“FDI Policy”) consolidates the policy framework which was in force as on August 28, 2017. All the press notes, press releases, clarifications on FDI issued by DIPP till August 27, 2017 stand rescinded as on August 28, 2017. In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route.

RBI has also issued Master Direction- Foreign Investment in India dated January 4, 2018. In terms of the Master Direction, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Directions.

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 to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers, and sale occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this draft prospectus. Applicants are advised to make their independent investigations and ensure that Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.



## DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

### ARTICLES OF ASSOCIATION

\*1 Subject to anything to the contrary hereinafter provided and unless the context requires otherwise, the Regulations contained in Table 'F' in the first Schedule to the Companies Act, 2013 (hereinafter referred to as Table 'F') shall apply to the company.

#### INTERPRETATION

- I. (1) In these regulations—
- "The Act" means the Companies Act, 2013,
  - "The seal" means the common seal of the company.
- (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.
- (3) As per Section 2(71) of the Companies Act, 2013 "Public company" means a company which—
- is not a private company;
- Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles;

#### SHARE CAPITAL AND VARIATION OF RIGHTS

- II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. Further provided that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.
2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—
- One certificate for all his shares without payment of any charges; or
  - Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) The Company agrees to issue certificate within fifteen days of the date of lodgement of transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgement for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading autographically signed by a responsible official of the Company and bearing an endorsement that the transfer has been duly approved by the Directors or that no such approval is necessary;
- (iii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iv) In respect of any 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 for a share to one of several joint holders shall be sufficient delivery to all such holders.
3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- (ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.
4. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
5. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.



6. (i) 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, 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.  
(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
- 8A. (i) Where at any time Company having Share Capital proposes to increase its subscribed capital by the issue of further Shares, such shares shall be offered:
  - (a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions specified in the relevant provisions of Section 62 of the Act.
  - (b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such other conditions as may be prescribed under the relevant rules of Section 62.
  - (c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the relevant rules of Section 62.
- (ii) The notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.
- (iii) Nothing in this Article shall apply to the increase of the subscribed capital of company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company:  
Provided that the terms of issue of such debentures or loan containing such an option have been approved, before the issue of such debentures or the raising of loan, by a special resolution passed by the company in general meeting.

8B. The Company can issue shares on private placement basis either at par value or at a premium rate.

#### 8C. DEMATERIALISATION OF SHARES

- (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its shares, debentures and other securities and to offer any shares, debentures or other securities proposed to be issued by it for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members/ Debenture holders/ other security holders with the details of members/debenture holders/ other securities both in materialized and dematerialized form in any medium as permitted by the Act.
- (ii) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities in electronic form with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee as the Beneficial Owner of the Security.
- (iii) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares, debentures and other securities in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus on shares, interest/premium on debentures and other securities and repayment thereof or for service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by the Court of competent jurisdiction or as by law required and except as aforesaid) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such shares, debentures or other securities as the case may be, on the part of any other person whether or not it shall have express or implied notice thereof.
- (iv) In the case of transfer of shares, debentures or other securities where the Company has not issued any certificates and where such shares, debentures or other securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply.  
Provided that in respect of the shares and securities held by the depository on behalf of a beneficial owner, provisions of Section 9 of the Depositories Act shall apply so far as applicable.



(v) Every Depository shall furnish to the Company, information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws of the Depository and the Company in that behalf.

(vi) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in electronic form so far as they apply to shares in physical form subject however to the provisions of the Depositories Act.

#### LIEN

- 9.(i) The company shall have a first and paramount lien—
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:
- Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- Every fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at fixed time in respect of such shares;
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made—
- (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11. (i) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.  
(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.  
(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.  
(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### CALLS ON SHARES

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:  
Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.  
(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.  
(iii) A call may be revoked or postponed at the discretion of the Board.
14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.  
(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.  
(ii) In case of non-payment of such sum, all the relevant provisions of these regulations 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.
18. The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
  - (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. Per annum, as may be agreed upon between the Board and the member paying the sum in advance.



#### TRANSFER OF SHARES

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.  
(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
20. The Board may, subject to the right of appeal conferred by section 58 decline to register—
  - (a) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) Any transfer of shares on which the company has a lien.(c) Provided however that the Company will not decline to register or acknowledge any transfer of shares 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.  
(d) The common form of transfer shall be used by the Company.
21. The Board may decline to recognize any instrument of transfer unless—
  - (a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) The instrument of transfer is in respect of only one class of shares.
22. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:  
Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### TRANSMISSION OF SHARES

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.  
(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—
  - (a) To be registered himself as holder of the share; or
  - (b) To make such transfer of the share as the deceased or insolvent member could have made.(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.  
(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.  
(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:  
Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

#### FORFEITURE OF SHARES

27. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
28. The notice aforesaid shall—
  - (a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.



29. 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.
30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.  
(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.  
(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;  
(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;  
(iii) The transferee shall thereupon be registered as the holder of the share; and  
(ii) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
33. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **ALTERATION OF CAPITAL**

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution
35. Subject to the provisions of section 61, the company may, by ordinary resolution,—
  - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person
36. Where shares are converted into stock,—
  - (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—
  - (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account.

#### **CAPITALISATION OF PROFITS**

38. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
  - (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) That such sum is accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.  
(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
  - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;



- (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (c) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (b);
  - (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) Make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
  - (b) Generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and
  - (b) To authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.
- (iv) Capital paid-up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.

#### **BUY-BACK OF SHARES**

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **GENERAL MEETINGS**

41. All general meetings other than annual general meeting shall be called extra-ordinary general meeting.
42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **PROCEEDINGS AT GENERAL MEETINGS**

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
44. (i) The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

#### **ADJOURNMENT OF MEETING**

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **VOTING RIGHTS**

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
- (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 his share in the paid-up equity share capital of the company.
49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.



51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
52. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.
53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
54. (i) 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.  
(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### **PROXY**

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
57. 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.

#### **BOARD OF DIRECTORS**

58. The name of First Directors of the Company is:-
  1. **Faizal Bavaramparambil Abdul Khader**
  2. **Bavaramparambil Abdhulkadher Hydrose**
  3. **Sruthi Muhammed Ali**
59. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.  
(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
  - (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
  - (b) in connection with the business of the company.
60. The Board may pay all expenses incurred in getting up and registering the company.
61. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
62. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
63. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
64. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.  
(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

#### **MANAGING DIRECTOR(S)/WHOLE TIME DIRECTOR(S)/KEY MANAGERIAL PERSONNEL**

- 64A. a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole- time Directors for maximum period of 5 years and such other Key Managerial Personnel viz. Chief Executive Officer, Chief Financial Officer and Company Secretary.
- b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.
- c) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director /whole time Director.
- d) Subject to the provisions of Section 152 of the Act, the Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.



#### **64B. Powers and duties of Managing Director or whole-time Director**

The Managing Director/Whole-time Director shall be subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

#### **64C. Remuneration of Managing Directors/whole time Directors**

Subject to the provisions of the Act and subject to such sanction of Central Government/Financial Institutions as may be required for the purpose, the Managing Directors/ whole-time Directors shall receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

#### **64D. Reimbursement of expenses**

The Managing Directors\ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

#### **64E. Business to be carried on by Managing Directors/ Whole time Directors**

- a) The Managing Directors\ whole-time Directors shall have subject to the supervision, control and discretion of the Board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs and transactions of the Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by the Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.
- b) Without prejudice to the generality of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.
- c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

#### **64F. Subject to the provisions of the Act,**

- (i) a Key Managerial Personnel may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Key Managerial Personnel so appointed may be removed by means of a resolution by the Board.
- (ii) A Director may be appointed as chief executive officer, company secretary or chief financial officer.

#### **64G. BORROWING POWER OF BOARD**

(a). Subject to section 73, 179 and 180(1)(c) of the Companies Act, 2013 and Regulations made there under and Directions issued by the RBI the directors may, from time to time, raise or borrow any sums of money for and on behalf of the Company from the member or other persons, companies or banks or they may themselves advance money to the company on such interest as may be approved by the Directors.

(b). The Directors may, from time to time, secure the payment of such money in such manner and upon such terms and conditions in all respects as they deem fit and in particular by the issue of bonds or debentures or by pledge, mortgage, charge or any other security on all or any properties of the Company (both present and future) including its uncalled capital for the time being.

### **PROCEEDINGS OF THE BOARD**

65. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.  
(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
66. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.  
(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
67. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
68. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.



- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.
69. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.  
(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
70. (i) A committee may elect a Chairperson of its meetings.  
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
71. (i) A committee may meet and adjourn as it thinks fit.  
(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
72. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
73. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

74. Subject to the provisions of the Act,—  
(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;  
(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
75. A provision of the Act or these regulations 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.

#### **THE SEAL**

76. (i) The Board shall provide for the safe custody of the seal.  
(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board 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 AND RESERVE**

77. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
78. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
79. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.  
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
80. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.  
(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.  
(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
81. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
82. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of



that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

83. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
84. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
85. No dividend shall bear interest against the company.  
Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law.

#### **ACCOUNTS**

86. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.

#### **WINDING UP**

87. Subject to the provisions of Chapter XX of the Act and rules made there under—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided a0.2s aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

88. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

We the several persons, whose names and addresses are subscribed below and desirous of being formed into a Company in pursuance of this Articles of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective name.



## SECTION XII: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of the draft prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of the prospectus delivered to the RoC for filing, and also the documents for inspection referred to hereunder, may be inspected at our Registered Office at 46/2631 B, Safa Arcade, Kaniyapilly Road, Chakkaraparambu, Ernakulam-682028, Kerala, India, from 10.00 am to 5.00 pm on all Working Days from the date of draft prospectus until the Issue Closing Date.

#### A. Material Contracts to the Issue

1. Issue Agreement dated December 03, 2021 entered into among our Company and the Lead Manager.
2. Agreement dated October 20, 2021 entered into among our Company and the Registrar to the Issue.
3. Tripartite Agreement dated November 01, 2021 entered into among our Company, NSDL and the Registrar to the Issue.
4. Tripartite Agreement dated November 16, 2021 entered into among our Company, CDSL and the Registrar to the Issue.
5. Banker to the Issue Agreement [●] among our Company, the Lead Manager, Banker to the Issue and the Registrar to the Issue.
6. Market Making Agreement dated [●] between our Company, the Lead Manager and the Market Maker.
7. Underwriting Agreement dated [●] between our Company and the Lead Manager.

#### B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of Incorporations of our Company dated September 21, 2021 issued by Registrar of Companies.
3. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated December 03, 2021 and December 06, 2021 respectively, authorizing the Issue and other related matters.
4. Copies of Audited Financial Statements of our erstwhile partnership firm for the period ended October 07, 2021 and financial year ended March 31, 2021, March 31, 2020 and March 31, 2019.
5. Peer Review Auditors Report dated December 31, 2021 on Restated Financial Statements of our erstwhile partnership firm for the period ended October 07, 2021 and financial year ended 31, 2021, March 31, 2020 and March 31, 2019.
6. Copy of Statement of tax possible benefits dated December 31, 2021 from the Peer Review Auditor included in this draft prospectus.
7. Consents of Directors, Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Review Auditor, Legal Advisor to the Issue, Banker to the Issue, Sponsor Bank, Lead Manager, Registrar to the Issue, Underwriter and Market Maker to include their names in the draft prospectus to act in their respective capacities.
8. In-principle listing approval dated [●] from the BSE Limited for listing the Equity Shares on the SME Platform of BSE.
9. Due Diligence certificate dated [●] submitted to SEBI after filing the prospectus with RoC.

Any of the contracts or documents mentioned in this draft prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance with the provisions contained in the Companies Act, SEBI ICDR Regulations and other relevant statutes.



## DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this draft prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this draft prospectus are true and correct.

### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
<b>Mr. Faizal Bavaraparambil Abdul Khader</b> <i>DIN: 07729191</i> <i>Designation: Managing Director</i>	Sd/-
<b>Mrs. Sruthi Muhammed Ali</b> <i>DIN: 09237016</i> <i>Designation: Whole time Director</i>	Sd/-
<b>Mr. Bavaraparambil Abdhulkadher Hydrose</b> <i>DIN: 01390977</i> <i>Designation: Non-Executive Director</i>	Sd/-
<b>Mr. Bengolan Anilkumar</b> <i>DIN: 09248528</i> <i>Designation: Independent Director</i>	Sd/-
<b>Mr. Sankaranarayanan Nair Sreejith</b> <i>DIN: 09250652</i> <i>Designation: Independent Director</i>	Sd/-

### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

S/d-

\_\_\_\_\_  
**Ms. Pushpita Dasgupta**

### SIGNED BY THE CHIEF FINANCIAL OFFICER (CFO)

S/d-

\_\_\_\_\_  
**Mr. Harikrishnan Raghunathan Nair**

**Date:** January 03, 2022

**Place:** Kerala