



Our Company was incorporated as Stove Kraft Private Limited on June 28, 1999 with a certificate of incorporation issued by the Registrar of Companies, Bangalore, Karnataka ("RoC") as a private limited company under the Companies Act, 1956. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting held on May 28, 2018 and the name of our Company was changed to Stove Kraft Limited. A fresh certificate of incorporation consequent upon change of name was issued by the RoC on August 13, 2018. For further details in relation to the change in the name and the registered address of our Company, see "History and Certain Corporate Matters" on page 137.

Registered and Corporate Office: 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramanagar District, 562 112, Karnataka, India

Tel: +91 80 2801 6222; **Fax:** +91 80 2801 6209

Contact Person: Shashidhar SK, Chief Financial Officer, Company Secretary and Compliance Officer; **E-mail:** cs@stovekraft.com; **Website:** www.stovekraft.com

Corporate Identity Number: U29301 KA1999PLC025387

OUR PROMOTERS: RAJENDRA GANDHI AND SUNITA RAJENDRA GANDHI

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF STOVE KRAFT LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹[●] MILLION ("OFFER") COMPRISING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹1,450.00 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 7,163,721 EQUITY SHARES COMPRISING OF UP TO 640,906 EQUITY SHARES BY OUR PROMOTER, RAJENDRA GANDHI, UP TO 250,000 EQUITY SHARES BY OUR PROMOTER, SUNITA RAJENDRA GANDHI ("PROMOTER SELLING SHAREHOLDERS"), UP TO 1,311,205 EQUITY SHARES BY SEQUOIA CAPITAL INDIA GROWTH INVESTMENT HOLDINGS I ("SCI-GIH") AND UP TO 4,961,610 EQUITY SHARES BY SCI GROWTH INVESTMENTS II ("SCI"), TOGETHER WITH SCI-GIH, "INVESTOR SELLING SHAREHOLDERS" (THE INVESTOR SELLING SHAREHOLDERS TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS"), AND SUCH OFFERED SHARES, THE "OFFERED SHARES") AGGREGATING UP TO ₹[●] MILLION ("OFFER FOR SALE"). THE OFFER WILL CONSTITUTE [●]%, OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], ALL EDITIONS OF [●] AND BENGALURU EDITION OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND KANNADA DAILY NEWSPAPERS RESPECTIVELY, KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In case of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholders may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI Issue of Capital and Disclosure Requirements Regulations, 2018 ("SEBI ICDR") and is being made in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein at least 75% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Category"), provided that our Company and Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds only at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, such number of Equity Shares representing 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID, in case of RIBs, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" on page 270.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Offer Price as determined and is justified by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations and as stated under "Basis for Offer Price" on page 76) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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 'Risk factors' given on page number 18 under the section 'General Risks'.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms that only statements specifically made or confirmed expressly by such Selling Shareholder in this Draft Red Herring Prospectus solely to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares are true and correct. The Selling Shareholders assume no responsibility for any other statements, including, *inter alia*, any of the statements made by or relating to the Company or its business in this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on Stock Exchanges. Our Company has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE Limited. A copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC for filing in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 290.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE OFFER



Edelweiss Financial Services Limited
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Off CST Road, Kalina
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Maharashtra, India
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: sklipo@edelweissfn.com
Investor grievance e-mail:
customerservice.mb@edelweissfn.com
Website: www.edelweissfn.com
Contact Person: Disha Doshi/Anilkumar Singh
SEBI Registration No.: INM0000010650

JM Financial Limited
7th Floor, Chenergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: sklipo@jmfml.com
Investor grievance e-mail: grievance.ibd@jmfml.com
Website: www.jmfml.com
Contact Person: Prachee Dhuri
SEBI Registration No.: INM000010361

KFin Technologies Private Limited
Selenium, Tower B
Plot No. 31-32, Financial District
Nanakramguda, Srilingampally
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Telangana, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: stovekraft ipo@kfinetech.com
Investor grievance e-mail: einward.ris.ipo@kfinetech.com
Website: www.kfinetech.com
Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221

BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●] ⁽¹⁾	BID/OFFER CLOSES ON	[●] ⁽²⁾
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(1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date; and

(2) Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, rules, guidelines and policies as amended from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail. The words and expressions used but not defined herein shall have the meaning as is assigned to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder, unless the context otherwise indicates or implies.

Notwithstanding the foregoing, the terms not defined but used in “Our Business”, “Statement of Tax Benefits”, “Financial Statements”, “Outstanding Litigation and Material Developments” and “Descriptions of Equity Shares and Terms of the Articles of Association” on pages 114, 79, 164, 244 and 284, respectively, shall have the meanings ascribed to such terms in these respective sections.

General Terms

Term	Description
“our Company”, “the Company”, or “the Issuer”	Stove Kraft Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramnagar District 562 112, Karnataka, India
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company

Company and Selling Shareholders Related Terms

Term	Description
Articles of Association/ AoA	Articles of Association of our Company, as amended
Associate or “our Associate”	Pigeon Appliances Private Limited
Audit Committee	The audit committee of our Board. For further details, see in “Our Management” on page 148
Board/ Board of Directors	Board of Directors of our Company, including a duly constituted committee thereof
Baddi facility	Our facility situated at village Buranwala, Tehsil Baddi, Himachal Pradesh
Bengaluru facility	Our facility situated at Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Karnataka
CCD	Compulsorily convertible debentures of our Company of nominal value ₹10 each
Class A Equity Shares	Class A Equity Shares issued to SCI and SCI-GIH pursuant to (i) Investment Agreement dated February 2, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI, as amended by amendment agreement dated March 18, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI; (ii) Series B Investment Agreement dated September 13, 2013 between our Company, our Promoters, Stovekraft India, SCI and SCI-GIH; and (iii) Amendment Agreement dated September 27, 2018 and Second Amendment Agreement dated January 29, 2020 entered into between our Company, our Promoters, Stovekraft India and Sequoia
CEO	Chief Executive Officer of our Company
CFO	Chief Financial Officer of our Company
CS	Company Secretary of our Company
CSR Committee	The corporate social responsibility committee of our Board. For further details, see in “Our Management” on page 150
Director(s)	The director(s) on our Board
ESOP Plan	Employee Stock Option Plan 2018 of our Company
Equity Shares	Equity Shares of our Company of face value of ₹10 each
Executive Director	Executive director of our Company
F&S	Frost and Sullivan (India) Private Limited
F&S Report	Industry report prepared by F&S titled “Kitchen Appliances Market in India” dated August 1, 2018 along with a revised industry report dated December 16, 2019.
Group Company	Companies with which there were related party transactions as disclosed in the Restated Financial Statements under the applicable accounting standards and also other companies as considered material by our Board, as identified in the section entitled “Our Group Companies” on page 161
Independent Director(s)	Directors on the Board of our Company who are eligible to be appointed as independent directors as per Section 149(6) of the Companies Act, 2013

Term	Description
Investor Selling Shareholders	SCI and SCI-GIH
IPO Committee	The committee constituted by our Board in our Offer. For further details, see “ <i>Our Management</i> ” on page 151
Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as disclosed in “ <i>Our Management</i> ” on page 143
Managing Director/MD	The managing director of our Company, Rajendra Gandhi
Memorandum of Association/ MoA	Memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board. For further details, see “ <i>Our Management</i> ” on page 150
Offered Shares	Up to 4,961,610 Equity Shares offered by SCI as per its board resolution dated January 10, 2020, up to 1,311,205 Equity Shares by SCI-GIH as per its board resolution dated January 10, 2020, up to 640,906 Equity Shares by Rajendra Gandhi in the Offer for Sale as per letter dated January 27, 2020 and up to 250,000 Equity Shares by Sunita Rajendra Gandhi in the Offer for Sale as per letter dated January 27, 2020
Promoters	The promoters of our Company namely, Rajendra Gandhi and Sunita Rajendra Gandhi
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see “ <i>Our Promoter and Promoter Group</i> ” on page 158
Promoter Selling Shareholders	Rajendra Gandhi and Sunita Rajendra Gandhi, Promoters of our Company
Registered Office and Corporate Office	The registered and corporate office of our Company located at 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramnagar District 562 112, Karnataka, India
Registrar of Companies/ RoC	Registrar of Companies, Karnataka situated at Bengaluru
Restated Financial Statements	The restated consolidated financial statements of our Company for the six month period ended September 30, 2019 and for Fiscals 2019, 2018, 2017 (presented in accordance with Ind AS) which comprises the restated consolidated statement of assets and liabilities, the restated consolidated statement of profit and loss, the restated consolidated cash flow statement and the restated consolidated statement of change in equity and notes thereto.
Sequoia	SCI and SCI-GIH
SCI	SCI Growth Investments II
SCI-GIH	Sequoia Capital India Growth Investment Holdings I
Selling Shareholders	The shareholders of our Company who are selling their Equity Shares in the Offer for Sale namely, Rajendra Gandhi, Sunita Rajendra Gandhi, SCI and SCI-GIH
Shareholders	Equity shareholders of our Company from time to time
Statutory Auditors	Statutory auditors of our Company, namely, Deloitte Haskins & Sells, Chartered Accountants
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of the Board. For further details, see in “ <i>Our Management</i> ” on page 149

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid/ Bid cum Application Form
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Draft Red Herring Prospectus who has a Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of this Draft Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Draft Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid

Term	Description
Anchor Investor Form	The form used by an Anchor Investor to Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and this Draft Red Herring Prospectus
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Draft Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion or [●] Equity Shares which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, as applicable. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by RIBs using UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs, using the UPI Mechanism
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 bank account of an RIB, which is blocked upon acceptance of a UPI Mandate Request made by the RIBs, using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications made thereto as permitted under the SEBI ICDR Regulations
ASBA Bidder(s)	Bidders (other than Anchor Investors) in the Offer who intend to submit their Bid through the ASBA process
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus and the Prospectus
Banker to the Offer	Collectively, the Escrow Collection Bank, the Public Offer Account Bank, the Sponsor Bank and the Refund Bank
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer
Bid(s)	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Bid cum Application Form to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of this Draft Red Herring Prospectus and the Bid cum Application Form The term “Bidding” shall be construed accordingly
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and Bengaluru edition of the Kannada daily newspaper [●] (Kannada being the regional language of Karnataka where our Registered Office is located), each with wide circulation. In case of any extension, the extended Bid/ Offer Closing Date shall also be notified on the website and terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank. Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations which shall also be notified by advertisement in the same newspapers where the Bid/ Offer Opening Date was published, in accordance with the SEBI ICDR Regulations
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context may require
Bid Lot	[●] Equity Shares
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and Bengaluru edition of the Kannada daily newspaper [●], (Kannada being the regional language of Karnataka where our Registered Office is located), each with wide circulation and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate Members and SCSBs, as required under the SEBI ICDR Regulations
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of this Draft Red Herring Prospectus. Provided, however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Brokers Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made

Term	Description
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, Edelweiss Financial Services Limited and JM Financial Limited
Broker Centres	Broker centers notified by the Stock Exchanges where Bidders can submit ASBA Forms to Registered Brokers The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted (including any revisions thereof)
Cash Escrow and Sponsor Bank Agreement	Agreement dated [●] entered into amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Bankers to the Offer and the Syndicate Members for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the BSE and the NSE
Cut-Off Price	Offer Price, which shall be any price within the Price Band finalised by our Company and the Selling Shareholders, in consultation with the BRLMs Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their respective addresses, occupation, PAN, name of the Bidder's father/ husband, investor status, MICR Code, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and https://www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Banks transfer funds from the r Escrow Accounts to the Public Offer Account or the refund Account, as the case may be, and instructions are given to the SCSBs (in case of RIBs using UPI Mechanism, instructions through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as appropriate, in terms of this Draft Red Herring Prospectus following which Equity Shares will be Allotted in the Offer to the successful Bidders
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIBs using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and non-institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where ASBA Bidders can submit the ASBA Forms. The details of such Designated RTA locations, along with names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated January 31, 2020, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Edelweiss	Edelweiss Financial Services Limited
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and this Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Draft Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
Escrow Account	Accounts to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an offer and with whom the Escrow Account will be opened, in this case being [●]
First/ sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of up to [●] Equity Shares aggregating up to ₹1,450.00 million by our Company for subscription pursuant to the terms of this Draft Red Herring Prospectus
General Information Document/ GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the

Term	Description
	circular no. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular no. (CIR/CFD/DIL/1/2016) dated January 1, 2016 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, as amended from time to time. The General Information Document shall be available on the websites of the Book Running Lead Managers.
JM Financial	JM Financial Limited
Monitoring Agency	[●]
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer related expenses For further information about use of the Offer proceeds and the Offer expenses, see " <i>Objects of the Offer</i> " on page 70
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders, that are not QIBs or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹200,000 but not including NRIs other than Eligible NRIs
Non-Institutional Portion	The portion of the Offer being not more than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA
Offer	The initial public offer of up to [●] Equity Shares for cash at a price of ₹[●], aggregating up to ₹[●] million comprising the Fresh Issue and the Offer for Sale
Offer Documents	This draft red herring prospectus dated January 31, 2020 filed with the Securities and Exchange Board of India, the Red Herring Prospectus dated [●] and the Prospectus dated [●], filed with the RoC.
Offer Agreement	The agreement dated January 31, 2020 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 640,906 Equity Shares by our Promoter, Rajendra Gandhi, up to 250,000 Equity Shares by our Promoter, Sunita Rajendra Gandhi, up to 4,961,610 Equity Shares by SCI and up to 1,311,205 Equity Shares by SCI-GIH aggregating up to ₹[●] million in terms of this Draft Red Herring Prospectus For further details in relation to Selling Shareholders, see " <i>The Offer</i> " on page 45
Offer Price	The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus and the Prospectus The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date in accordance with the Book-Building Process and in terms of the Red Herring Prospectus
Offer Proceeds	Proceeds of the Offer that are available to our Company and the Selling Shareholders
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and will be advertised at least two Working Days, as per SEBI ICDR Regulations, prior to the Bid/ Offer Opening Date, in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and Bengaluru edition of the Kannada daily newspaper [●] (Kannada being the regional language of Karnataka where our Registered Office is situated), each with wide circulation with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, will finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, the SEBI ICDR Regulations and the SEBI ICDR Regulations, as applicable containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Account(s) to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank with whom the Public Offer Account shall be opened and maintained in this case for collection of Bid Amounts from ASBA Account and Escrow Account, being [●]
QIB Portion	Portion of the Offer (including the Anchor Investor Portion) amounting to at least 75% of the Offer being [●] Equity Shares, which shall be available for allocation to QIBs, including the Anchor Investors, subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus dated [●] issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, as amended, which does not have complete particulars of the price at which the Equity Shares will be allotted and the size of the Offer (including any addenda or corrigenda thereto) and which shall be filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date

Term	Description
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Refunds through electronic transfer of funds	Refunds through NACH, direct credit, NEFT, RTGS or unblocking ASBA Accounts, as applicable
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The registrar agreement dated January 29, 2020, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar pertaining to the Offer
Registrar to the Offer/ Registrar	KFin Technologies Private Limited
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and the UPI Circulars
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Individual Bidders (including HUFs applying through their kartas and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹200,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being not more than 10% of the Offer or [●] Equity Shares, available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids received at or above the Offer price
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders are not allowed to lower or withdraw their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date
Self-Certified Syndicate Bank or SCSB	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI 2.0 mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website
Share Escrow Agent	Share Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, [●]
Share Escrow Agreement	The agreement dated [●] amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the deposit of the Offered Shares by the Selling Shareholders in a share escrow account and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms a list of which is included in the ASBA Form, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and updated from time to time
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
Stock Exchanges	BSE and NSE
Sub-Syndicate centres	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms
Syndicate Agreement	The agreement dated [●] amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●] and [●]
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date but prior to filing of Prospectus
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and any subsequent circulars or notifications issued by SEBI in this regard

Term	Description
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 RIB to such UPI linked mobile application) to the RIB, initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by RIBs, in accordance with the UPI Circulars to make an ASBA Bid in the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Issue Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Technical/ Industry Related Terms/ Abbreviations/ Terms relating to our business

Term	Description
BPL	Below Poverty Line
C&F	Carrying and Forwarding
CRM	Customer Relationship Management
DMS	Distributor management system
ERP	Enterprise Resource Planning
OEM	Original Equipment Manufacturer
ID	Identification
LED	Light-Emitting Diode
LPG	Liquid Petroleum Gas
R&D	Research and development
SMS	Short Message Service

Conventional and General Terms or Abbreviations

Term	Description
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
₹ / Rs./ Rupees/ INR	Indian Rupees, the official currency of the Republic of India
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS/ Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India
BIS	Bureau of Indian Standards
BSE	BSE Limited
CAGR	$(\text{Ending value}/\text{beginning value})^{(1/\text{no. of periods})}-1$, unless specifically stated
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013,
Companies Act, 1956	The erstwhile Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder, as amended
Depositories	Collectively, the NSDL and the CDSL
Depositories Act	The Depositories Act, 1996, read with regulations thereunder
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion or DIPP)
DP ID	Depository Participant’s Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Revenue from operations – (cost of materials consumed + excise duty + purchases of stock-in-trade + Changed in inventories of finished goods, stock-in-trade and work-in-progress + Employee benefits expenses+ other expenses), unless specifically stated
ECB	External Commercial Borrowing
EGM	Extraordinary general meeting
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended, read with rules and regulations thereunder

Term	Description
“Fiscal” or “Financial Year” or “Fiscal Year” or “FY”	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General Index Register
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961, read with rules thereunder
India	Republic of India
Ind AS	Indian Accounting Standards (Ind AS)
Indian Accounting Standard Rules	The Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act, 2013 and read together with paragraph 7 of the Companies (Accounts Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information technology
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum Of Understanding
Mn/mn	Million
N.A./ NA	Not Applicable
NAV	Net Asset Value
NACH	National Automated Clearing House
Net Worth	Means the aggregate value of the paid-up share capital (including shares pending allotment), share option outstanding account and securities premium account, after adding surplus in Statement of Profit and Loss, as restated.
NEFT	National Electronic Fund Transfer
NPCI	National Payments Commission of India
NR	Non-Resident
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoNW	Return on net worth, computed as (net profit/(loss) after tax, as re-stated for the year, attributable to equity shareholders)/ Net Worth (excluding revaluation reserve) as re-stated at the end of the year
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
Securities Act	U.S. Securities Act, 1933
SIDBI	Small Industries Development Bank of India
State Government	The government of a state in India

Term	Description
Systemically Important NBFC	A non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹5,000 million as per the last audited financial statements
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
TAN	Tax deduction account number
U.S./ USA/ United States	United States of America
USD/ US\$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Red Herring Prospectus to “India” are to the Republic of India, all references to “USA”, “US” and “United States” are to the United States of America.

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

Financial and other data

Unless stated otherwise or unless the context requires otherwise, and to the extent applicable, the financial data in this Draft Red Herring Prospectus is derived from our Restated Financial Statements prepared in accordance with the Companies Act and Ind AS and restated in accordance with the SEBI ICDR Regulations.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures, unless otherwise specified, have been rounded off to the second decimal place and accordingly there may be consequential changes in this Draft Red Herring Prospectus on account of rounding adjustments.

Our Company’s Fiscal commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular “Fiscal”, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

There are significant differences between Indian GAAP, Ind AS, and IFRS. Our Company does not provide reconciliation of its financial information to IFRS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our annual financial statements for periods subsequent to April 01, 2016, have been prepared and presented in accordance with Ind AS. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS may not be comparable to our historical financial statements prepared under the Indian GAAP. See “*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors’ assessment of our financial condition*” on page 42.

On February 16, 2015, the MCA issued the Ind AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind AS for the accounting period beginning from April 01, 2015. Pursuant to SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, our restated financial information for the six month period ended September 30, 2019 and for Fiscals 2019, 2018 and 2017 included in this Draft Red Herring Prospectus has been prepared under the Ind AS.

Unless the context otherwise requires, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 18, 114 and 225 respectively, and elsewhere in this Draft Red Herring Prospectus, to the extent applicable, have been calculated on the basis of our Restated Financial Statements prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in “million” or “billion” units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. One million represents 1,000,000, one billion represents 1,000,000,000 and one crore represents 10,000,000. However, figures sourced from third party industry sources may be expressed in denominations other than million or may be rounded off to other

than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded off to such number of decimal points as prescribed in such respective sources.

Exchange Rates

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

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

Currency	Exchange rate as on:			
	As on March 31, 2017 (₹)	As on March 31, 2018 ⁽¹⁾ (₹)	As on March 31, 2019 ⁽²⁾	As on December 31, 2019
1 USD	64.84	65.04	69.17	71.27

(For information until March 31, 2018, the source is RBI Reference Rate as available on <https://www.rbi.org.in/whereas> for information post March 31, 2018, the source is FBIL Reference Rate as available on <https://www.fbil.org.in/>)

- (1) Exchange rate as at March 28, 2018, as RBI reference rate is not available for March 31, 2018 being a Saturday and March 30, 2018 and March 29, 2018 being public holidays
- (2) Exchange rate as at March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and a Saturday, respectively.

Industry and Market Data

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors - Third party industry and industry-related statistical data in this Draft Red Herring Prospectus may be incomplete, incorrect or unreliable” on page 34. Accordingly, investment decisions should not be based solely on such information.

The sections “Summary of Industry”, “Summary of our Business”, “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” of this Draft Red Herring Prospectus contain data and statistics from the report titled “Kitchen Appliances Market in India” prepared by F&S dated August 1, 2018, and a revised industry report dated December 16, 2019 which is subject to the following disclaimer:

“This independent market research study on the “Kitchen Appliances Market in India” has been prepared for Stove Kraft Limited in relation to an initial public offering (“IPO”) in connection with its listing on the leading stock exchange(s).

This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Frost & Sullivan’s estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients 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.

This Frost & Sullivan report is prepared for the Company’s internal use, submission, and sharing with the relevant parties as well as for inclusion in the Offer Documents, in full or in parts as may be decided by the Company”

In accordance with the SEBI ICDR Regulations, “*Basis for Offer Price*” on page 76 includes information relating to our listed industry peers. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

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

Time

Unless otherwise stated, all references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and globally which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- Adverse outcome of the litigation involving our marquee brand “Pigeon”;
- Reliance on our brand portfolio, and our ability to successfully maintain and promote our brand portfolio;
- Dependence on third parties for the distribution and sale of our products;
- Reliance on third party OEMs for the sourcing of some of our products;
- Inability to expand into new geographic regions and markets; and
- Inability to compete with increasing competition from companies and local firms with products similar to ours

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18, 114 and 225, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including “Risk Factors”, “Objects of the Offer”, “Our Business”, “Industry Overview”, “Capital Structure”, “The Offer”, “Financial Statements”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 18, 70, 114, 87, 58, 45, 164, 244, 270 and 284 respectively.

Primary business of our Company	We are a kitchen solutions and an emerging home solutions brand as well as one of the leading brands for kitchen appliances in India. We are engaged in the manufacture and retail of a wide and diverse suite of kitchen solutions under our <i>Pigeon</i> and <i>Gilma</i> brands, and propose to commence manufacturing of kitchen solutions under the <i>BLACK + DECKER</i> brand. Our kitchen solutions comprise of cookware and cooking appliances, and our home solutions comprise various household utilities, including consumer lighting, which enables us to be a one stop shop for kitchen and home solutions.				
The industry in which our Company operates	Our Company primarily operates in the kitchen appliances market which comprises instruments or devices designed for smooth functioning of kitchen activities. Kitchen appliances are used mainly for food preparation, cooking, storage and cleaning functions.				
Name of Promoters	Rajendra Gandhi and Sunita Rajendra Gandhi				
Offer size	Offer of up to [●] Equity Shares of face value of ₹10 each of our Company for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹[●] Million comprising of a Fresh Issue of [●] Equity Shares aggregating up to ₹1,450.00 million and an Offer For Sale of up to 7,163,721 Equity Shares comprising of up to 640,906 Equity Shares by our Promoter, Rajendra Gandhi, up to 250,000 Equity Shares by our Promoter, Sunita Rajendra Gandhi, up to 1,311,205 Equity Shares by SCI-GIH and up to 4,961,610 Equity Shares by SCI, aggregating up to ₹[●] million.				
Objects of the Offer	The objects for which the Net Proceeds from the Offer shall be utilized are as follows:				
	Particulars		Amount(₹ in million)		
	Repayment/pre-payment, in full or part, of certain borrowings availed by our Company		1,100		
	General corporate purposes ⁽¹⁾		[●]		
⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purpose shall not exceed 25% of the gross proceeds of the Fresh Issue.					
Aggregate pre- Offer shareholding of our Promoter and Promoter Group, and Selling Shareholders as a percentage of our paid up Equity Share capital	The aggregate pre- Offer shareholding of our Promoter, Promoter Group and Selling Shareholders as a percentage of the pre- Offer paid-up Equity Share capital of the Company as on date of this Draft Red Herring Prospectus is set out below:				
	Name of the Shareholder		Total Equity Shares	Percentage (%) of Pre- Offer Capital	
	Promoters and Promoter Selling Shareholders				
	Rajendra Gandhi	18,184,619	73.57		
	Sunita Rajendra Gandhi	259,300	1.05		
	Total holding of the Promoters (A)	18,443,919	74.62		
	Promoter Group				
	Neha Gandhi	1	Negligible		
	Total holding of the Promoter Group (Other than Promoters) (B)	1	Negligible		
	Total Holding of Promoter and Promoter Group (A+B)				
			18,443,920	74.62	
	Investor Selling Shareholders				
	SCI	4,961,605	20.07		
	SCI-GIH	1,311,200	5.30		
	Total holding of the Investor Selling Shareholders	6,272,805	25.37		
	For further details, see “Capital Structure” on page 58.				
Summary of Selected Financial Information	The details of our share capital, net worth, the net asset value per Equity Share and total borrowings as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, derived from the Restated Financial Statements: (₹ in million)				
	Particulars	As at September 30, 2019	As at March 31,		
			2019	2018	2017
	(A) Equity Share Capital	247.17	247.17	189.00	189.00
	(B) Net Worth	(590.29)	(639.46)	(1,801.02)	(1,684.01)
	(C) Revenue	3,155.07	6,409.38	5,289.52	5,150.33
	(D) Restated profit/(loss) for the period / year	43.89	7.36	(120.18)	(185.03)

	(E) Earnings per share																			
	- Basic	1.77	0.33	(6.35)	(9.78)															
	- Diluted	1.77	0.33	(6.35)	(9.78)															
	(F) Net asset value per Share	(23.88)	(25.87)	(95.29)	(89.10)															
	(G) Total Borrowings (as per balance sheet)	3,175.81	3,099.70	3,922.63	3,648.66															
Auditor's qualifications which have not been given effect to in the Restated Financial Information	Our Restated Financial Information do not contain any qualifications which have not been given effect to.																			
Summary table of outstanding litigations	A summary of outstanding litigation proceedings involving our Company , Promoters, Directors and Group Companies (having a material impact on our Company) as of the date of this Draft Red Herring Prospectus is provided below:																			
	Litigation against our Company																			
	<table><tr><th>Nature of proceedings</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>2</td><td>-</td></tr><tr><td>Material civil cases</td><td>1</td><td>8.09</td></tr><tr><td>Tax matters</td><td>11</td><td>95.15</td></tr><tr><td>Actions by statutory and regulatory authorities</td><td>15</td><td>44.22</td></tr></table>					Nature of proceedings	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	2	-	Material civil cases	1	8.09	Tax matters	11	95.15	Actions by statutory and regulatory authorities	15	44.22
	Nature of proceedings	Number of cases	Amount, to the extent quantifiable (in ₹ million)																	
	Criminal cases	2	-																	
	Material civil cases	1	8.09																	
	Tax matters	11	95.15																	
	Actions by statutory and regulatory authorities	15	44.22																	
	Litigation by our Company																			
	<table><tr><th>Type of proceeding</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>Nil</td><td>Nil</td></tr><tr><td>Material civil cases</td><td>3</td><td>-</td></tr><tr><td>Tax matters</td><td>Nil</td><td>Nil</td></tr></table>					Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	Nil	Nil	Material civil cases	3	-	Tax matters	Nil	Nil			
	Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)																	
	Criminal cases	Nil	Nil																	
	Material civil cases	3	-																	
	Tax matters	Nil	Nil																	
	Litigation against our Promoters																			
<table><tr><th>Type of proceeding</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>5</td><td>-</td></tr><tr><td>Material civil cases</td><td>-</td><td>-</td></tr><tr><td>Tax matters</td><td>-</td><td>-</td></tr><tr><td>Actions by statutory and regulatory authorities</td><td>3</td><td>-</td></tr></table>					Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	5	-	Material civil cases	-	-	Tax matters	-	-	Actions by statutory and regulatory authorities	3	-	
Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)																		
Criminal cases	5	-																		
Material civil cases	-	-																		
Tax matters	-	-																		
Actions by statutory and regulatory authorities	3	-																		
Litigation by our Promoters																				
<table><tr><th>Type of proceeding</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>Nil</td><td>Nil</td></tr><tr><td>Material civil cases</td><td>1</td><td>Nil</td></tr><tr><td>Tax matters</td><td>Nil</td><td>Nil</td></tr></table>					Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	Nil	Nil	Material civil cases	1	Nil	Tax matters	Nil	Nil				
Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)																		
Criminal cases	Nil	Nil																		
Material civil cases	1	Nil																		
Tax matters	Nil	Nil																		
Litigation against our Directors																				
<table><tr><th>Type of proceeding</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>5</td><td>-</td></tr><tr><td>Material civil cases</td><td>Nil</td><td>Nil</td></tr><tr><td>Tax matters</td><td>Nil</td><td>Nil</td></tr><tr><td>Actions by statutory and regulatory authorities</td><td>3</td><td>-</td></tr></table>					Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	5	-	Material civil cases	Nil	Nil	Tax matters	Nil	Nil	Actions by statutory and regulatory authorities	3	-	
Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)																		
Criminal cases	5	-																		
Material civil cases	Nil	Nil																		
Tax matters	Nil	Nil																		
Actions by statutory and regulatory authorities	3	-																		
Litigation by our Directors																				
<table><tr><th>Type of proceeding</th><th>Number of cases</th><th>Amount, to the extent quantifiable (in ₹ million)</th></tr><tr><td>Criminal cases</td><td>Nil</td><td>Nil</td></tr><tr><td>Material civil cases</td><td>1</td><td>-</td></tr><tr><td>Tax matters</td><td>Nil</td><td>Nil</td></tr></table>					Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)	Criminal cases	Nil	Nil	Material civil cases	1	-	Tax matters	Nil	Nil				
Type of proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ million)																		
Criminal cases	Nil	Nil																		
Material civil cases	1	-																		
Tax matters	Nil	Nil																		

	For further details, see “ <i>Outstanding Litigation and Material Developments</i> ” on page 244 and the section titled “ <i>Group Companies – Litigation</i> ” on page 162.				
Risk Factors	For details of the risks applicable to us, see “ <i>Risk Factors</i> ” on page 18.				
Summary table of contingent liabilities	Particulars	As of September 30, 2019 (₹ in million)			
	Indirect tax matters	75.90			
	Provident fund claims	9.39			
	Other disputed claims	2.68			
	Total	87.97			
	For details, please see the section entitled “ <i>Financial Statements - Contingent Liabilities</i> ” on page 201.				
Summary of related party transactions	The details of related party transactions of our Company for six month period ended September 30, 2019 and the fiscal years March 31, 2019, 2018, and 2017 are set forth in the table below:				
	(₹ in million)				
	Particulars	For the half year ended	For the year ended		
		September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
	Revenue from operations				
	SAEPL	-	-	7.22	-
	SAE	-	-	-	2.82
	Purchases				
	SAEPL	-	0.14	6.22	-
	Job work charges				
	SAEPL	-	0.59	-	-
	Sales returns				
	SAEPL	-	0.37	-	-
	Purchase of property, plant and equipments				
	SAEPL	-	5.59	-	-
	Rent including lease rentals				
	Mrs. Sunita Rajendra Gandhi	0.36	0.72	0.60	0.60
	Managerial remuneration:				
	Mr. Rajendra Gandhi	5.66	9.51	8.73	8.15
	Mrs. Sunita Rajendra Gandhi	-	-	-	0.19
	Ms. Neha Gandhi	1.23	2.17	2.01	1.78
	Mr. Vivek Mishra	-	0.09	0.94	1.00
	Ms. Rehana A. Rajan	-	0.09	-	-
	Mr. Nagaraju Lade	-	-	-	0.90
	Mr. Manoj Pannalal Jain	-	-	5.22	-
	Mr. Radhakrishnan	-	0.11	0.92	-
	Mr. Shashidhar SK	5.58	6.11	-	-
	Mr. Rajiv Mehta	1.04	-	-	-
	Sitting Fee				
	Mrs. Shubha Rao Mayya	0.40	0.50	-	-
	Mr. Lakshmikant Gupta	0.40	0.45	-	-
	Mr. Rajiv Mehta	0.20	0.70	-	-
	For details, please see the section entitled “ <i>Financial Statements – Related Party Transactions</i> ” on page 203.				
Details of all financing arrangements whereby the Promoter, members of the Promoter Group, the directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of the Bank other than in the normal course of the business of the financing entity during the period of six months	Our Promoter, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.				

immediately preceding the date of this Draft Red Herring Prospectus			
Weighted average price at which the Equity Shares were acquired by our Promoters or Selling Shareholders, in the last one year	Not applicable as our Promoters and our Selling Shareholders have not acquired Equity Shares in the last one year.		
Average cost of acquisition of Equity Shares of our Promoters and our Selling Shareholders	The average cost of acquisition of Equity Shares of our Promoters and Selling Shareholders is as follows:		
	Name of the Promoter and Selling Shareholders	Number of Equity Shares	Average cost of acquisition per Equity Share* (in ₹)
	Promoters and Promoter Selling Shareholders		
	Rajendra Gandhi	18,184,619	8.49
	Sunita Rajendra Gandhi	259,300	3.18
	Investor Selling Shareholders		
	SCI	4,961,605	90.47
	SCI	5*	61.73
	SCI-GIH	1,311,200	97.26
	SCI-GIH	5*	219.21
<i>*Class A Equity Shares As certified by the Mishra & Co. Chartered Accountants pursuant to certificate dated January 31, 2020.</i>			
Size of the pre-IPO placement and allottees, upon completion of the placement	Nil		
Any issuance of Equity Shares in the last one year for consideration other than cash	Our Company has not issued any Equity Share in the last one year from the date of this Draft Red Herring Prospectus, for consideration other than cash.		
Any split/consolidation of Equity Shares in the last one year	Our Company has not split or consolidated the face value of the Equity Shares in the last one year.		

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in our Equity Shares. If anyone or a combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer and the trading price of our Equity Shares could decline and you may lose all or part of your investment. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and regions in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with the sections titled “Our Business” “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 114, 87 and 225, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. Potential investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in this Offer. Potential investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. Please see “Forward-Looking Statements” on page 13.

Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.

INTERNAL RISK FACTORS

Risks Relating to our Business and our Industry

- 1. The trademark for our marquee brand ‘Pigeon’ is the subject matter of litigation, and there can be no assurance that we will be able to protect the trademark in the future.***

Our Company had registered the ‘PIGEON’ trademark in different classes in 2003 and 2005. In 2003, pursuant to an oral understanding with PAPL, our Associate Company, our Company permitted PAPL to manufacture certain products such as mixers and grinders under the *Pigeon* brand for our Company. However, PAPL continued to manufacture under the ‘PIGEON’ without any authorisation, therefore in 2015, our Company terminated the oral arrangement with PAPL demanding them to stop manufacture of any item under the *Pigeon* brand at once. In 2015, our Company filed a suit before the Additional and Sessions City Civil Judge, at Bengaluru, for seeking perpetual injunction from passing off and infringement of the ‘PIGEON’ trademark, for the classes registered by us in 2003 and 2005, in relation to unauthorized sale and manufacture of PIGEON branded products by PAPL. Our Company was granted a temporary injunction in the said suit and PAPL has been restrained from using the ‘PIGEON’ trademark for, *inter-alia*, the manufacture and sale of kitchen electrical and non-electrical appliances. The matter is currently pending, and there can be no assurance that the final judgement of the court will be favourable to us. For details in relation to the suit, see “*Outstanding Litigation and Other Material Developments- Material outstanding civil litigation by our Company*” on page 248. Further, there can be no assurance that we will be able to successfully protect the trademark against any claims made in the future, and in the event that there is an adverse claim or judgment passed against us in the future in relation to the trademarks, we may be unable to use the brand name or derive the benefits associated with the goodwill of the brand name, which could have a material adverse effect on our business, financial condition and results of operations. As of October 31, 2019, our *Pigeon* branded products contributed 80.86% to our overall sales and for Fiscal 2019, Fiscal 2018 and for the six month period ended September 30, 2019, *Pigeon* branded products contributed 81.24%, 86.89% and 80.86% to our overall sales. . As such, in the event that we are unable to successfully protect the ‘PIGEON’ trademark, it may have an adverse impact on our business condition and results of operations. Further, in the past, certain of our trademark applications have been opposed by third parties before the trade mark registry. For details in relation to the applications made for registration of trademarks, see “*Government and Other Approvals*” on page 251.

- 2. We source our raw materials from third parties with whom we do not have long term contract or price guarantees.***

Our business operations are significantly dependent on local third parties at all stages of product development and sales. Further, we import some of our raw material, such as glasses components, aluminum, steel and from foreign suppliers. In Fiscal 2019, and during the six month period ended September 30, 2019, we imported raw material worth ₹330.43 million and ₹269.77 million, respectively. Our principal raw materials, aluminum, aluminum derivatives and steel, are sourced from third party suppliers, and purchased on a purchase order basis. We also source certain equipment

such as roller coating line and channel making machine of LPG unit from foreign suppliers. In the event of a discontinuation or closure of the foreign suppliers for these equipment, we may not be able to source identical raw materials and equipment from local sources which may lead to increase in production costs and consequently affect the pricing of our products. Non-availability of such raw materials of identical quality from local suppliers may lead to deterioration in quality of such products, which may lead loss of our reputation. The quality of our products is primarily derived from the quality of our raw materials, and any deterioration in the quality of raw materials supplied to us will have an adverse effect on the quality of our products, market reputation and sales volumes. There can be no guarantee that we will be able to maintain our current line-up of suppliers or adequate supply of such raw materials at all times. We source our raw materials on the basis of purchase orders, and do not have long term contracts with our raw material suppliers. An unforeseen shortage of raw materials in the future may adversely impact our results of operations. Additionally, the prices of our primary raw materials are volatile and fluctuate based on a number of factors outside our influence, including the price of steel and aluminium. During the six month period ended September 30, 2019 and Fiscals 2019, 2018 and 2017, our cost of goods sold (aggregate of cost of materials consumed, purchase of stock in trade and changes in inventories of finished goods, work-in-progress and stock-in-trade) was 65.04%, 68.44%, 66.84%, 65.74% of our total revenue from operations, respectively. We depend on a limited number of raw material suppliers for all of our raw material requirements, and there can be no assurance that we will continue to be able to source our raw materials from such suppliers in the future in the amounts required for our manufacturing purposes, or at all. In the event that one or more of our suppliers discontinues the supply of raw materials to us, there is a change in terms which are less favourable to us, we may not be able to find a new supplier to meet our raw material requirements. Further, there can be no assurance that the price of our raw materials will not increase in the future or that we will be able to recover such increases in costs from our customers.

Additionally, prices of certain raw materials used in our products among our product portfolio, including steel and aluminium, are volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, labour costs, competition, market speculation, government regulations and periodic delays in delivery. Rapid and significant changes in such raw materials may affect the production price and consequently the market price of these products. Additionally, we may be unable to pass the entire impact of the rise in the prices of raw materials to our customers, which may result in lower profit margins for our business. Further, any increase in the selling price of our products may adversely impact the demand for our products, our sales and consequently our profit margins.

3. *We rely heavily on our brand portfolio, and our inability to successfully maintain and promote our brand portfolio may adversely affect our results of operations.*

We believe that the market perception of our brands is one of the key factors for the sustained demand of our products amongst consumers. Our business performance is substantially dependent upon the continued success of our *Pigeon* and *Gilma* brands. We spent ₹161.73 million, ₹227.01 million and ₹119.64 million, respectively, on our business promotion and advertisement expenses for Fiscal 2018, Fiscal 2019 and six month period ended September 30, 2019, respectively. A brand's reputational value is based in large part on consumer perceptions, and even an isolated incident that causes harm, particularly one resulting in widespread negative publicity, could adversely influence consumer perceptions and erode consumer trust and confidence in the brand. We believe that continuing to develop awareness of our brands, through focused and consistent branding and marketing initiatives is important for our ability to increase our sales volumes and our revenues, grow our existing market share and expand into new markets and new product categories. Consequently, product defects, consumer complaints, or negative publicity or media reports involving us, or any of our brands or products or any specific product could harm our brands and reputation and may dilute the impact of our branding and marketing initiatives and adversely affect our business and prospects. Negative media coverage regarding the safety or quality of our products or any specific product, and the resulting negative publicity, could materially and adversely affect the level of consumer recognition of, and trust in us or our brands and our products. Any negative publicity or disputes involving our brands could materially adversely affect our business, financial condition and results of operations.

Currently, in addition to brick and mortar stores, we list our products on various e-commerce websites and our customers are increasingly using such platforms to provide feedback and information about products and store experiences, in a manner that can be quickly and broadly disseminated. Our brands could be damaged by any negative publicity on social media platforms or by claims or perceptions about the quality or safety of the products sold at our stores, regardless of whether such claims or perceptions are true. Any untoward incidents such as litigation or negative publicity, whether isolated or recurring and whether originating from us or otherwise, affecting our business, or suppliers, can significantly reduce our brand value and consumer trust.

We believe that a large part of the success of our brands is attributable to the after sales services provided by our in-house service personnel, and any deficiency in such after sales services may adversely impact the reputation of our brands. Further, we may not be able to collect customer feedback in an adequate or frequent manner, or implement it effectively to improve our products and services, which may adversely impact the development of products in the future for new product and market segments.

4. *Our operations are significantly dependent on third parties for the distribution and sales of our products.*

We are dependent on third parties in relation to our distribution and sales. All our products are distributed and sold

through third party retail stores and other channels of retail, over which we have limited control. For instance, while we enter into agreements with C&F agents and distributors in the normal course of business, such agreements are typically not long-term contracts, and there can be no assurance that our products will continue to have the same geographical outreach as enjoyed presently. Further, we have limited control over the activities of our C&F Agents from the time that our products are transported to their warehouse, up to the stage of sale of the products. In the event that the C&F Agents are unable to accommodate all our products as per the demand of our products for a particular region, or if there are any accidents at the stage of warehousing or transportation, the insurance obtained by the C&F Agents may not be sufficient to cover the losses suffered by us. We depend on third party logistics service providers for the transportation of raw materials to our manufacturing facilities, and for the distribution of finished products to C&F agents. Any disruption in the logistics, including at the level of the transportation agencies or the C&F agents, may impact our ability to reach the markets with our finished products within the desired timelines, which may adversely impact our business, financial condition and results of operations.

5. *There are various proceedings involving our Company, our Promoters and our Director which if determined against us or our Promoters or our Director, may have an adverse effect on our business.*

There are outstanding legal proceedings involving our Company and our Promoter, who is also the Managing Director, which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert management time and attention and consume financial resources in their defense or prosecution. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from our Company. Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations. The list of such outstanding legal proceedings as on the date of this Draft Red Herring Prospectus are set out below:

Nature of cases	No. of cases	Total amount involved (₹ in million)
Against our Company		
Criminal cases	2	-
Civil cases	1	8.09
Tax	11	95.15
Actions by statutory and regulatory authorities	15	44.22
Against our Promoters		
Criminal cases	5	-
Civil cases	-	-
Actions by statutory and regulatory authorities	3	-
Against our Directors		
Criminal cases	5	-
Civil cases	-	-
Actions by statutory and regulatory authorities	3	-

We cannot assure you that any of these matters will be decided in favour of our Company or in favour of our Promoter who is also our Managing Director or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings could have an adverse effect on our business, results of operations and reputation. For details, see “*Outstanding Litigation and Material Developments*” on page 244.

6. *Our Promoter and Managing Director, Rajendra Gandhi, may be required to vacate his directorship from our Board.*

Our Associate, PAPL, has received a notice dated February 13, 2017 from the RoC under sections 92 and 96 read with section 403 of the Companies Act, 2013 in relation to the non-filing of annual returns by PAPL for Fiscal 2015. Our Promoter and Managing Director, Rajendra Gandhi, is one of the directors on the board of PAPL. Under section 164(2) of the Companies Act, 2013, any person who is or has been a director of a company which has not filed its financial statements or annual returns for any continuous period of three Fiscals, is ineligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date of failure of the company to make the filings. Pursuant to a reply dated May 16, 2017 to the RoC notice, the directors of PAPL have clarified to the RoC that the delay in filing of annual returns occurred due to a deadlock in management of PAPL, due to which the accounts were not finalized and the annual general meeting was not conducted. On April 17, 2018, Rajendra Gandhi received a notice from the RoC, asking him to show cause as to why PAPL should not be struck off under the provisions of the Companies Act, 2013. In response, a reply dated May 23, 2018, has been sent to the RoC, requesting the RoC to withdraw the notice. Further, the RoC was intimated that PAPL had approached the NCLT, Bengaluru bench in this regard, and a copy of the petition filed by PAPL before the NCLT was also submitted with the RoC. Our Company and our Promoter and Managing Director, Rajendra Gandhi subsequently also filed an interim application before the NCLT on May 30, 2018 praying NCLT to direct the ROC to maintain status quo by not striking off PAPL and to not disqualify Rajendra Gandhi from directorships of other companies, until the disposal of the main petition. The NCLT by an order on July 18, 2018 directed the ROC to maintain the status quo and not to disqualify Rajendra Gandhi until the disposal of the petition. Further, the NCLT has directed the appointment of an independent chairman of the Board

and both the parties have filed a memo with the NCLT with a list of issues which the independent chairman would be required to address. The NCLT pursuant to its order dated December 11, 2019, has appointed an independent chairman for PAPL. A meeting of the board of directors of PAPL was held on January 13, 2020 where the independent chairman, *inter alia*, examined the latest financial statements of PAPL and recommended the appointment of a statutory auditor to audit the financial statements pertaining to financial year 2015-19. For further details in relation to the petition, pending before the NCLT, see “*Outstanding Litigation and Other Material Developments*” on page 244.

While the matter is currently pending before the NCLT and the RoC, in the event that an adverse or a final order is passed by the NCLT and the interim stay is vacated/dismissed, the RoC may *inter alia*, include the name of our Managing Director, Rajendra Gandhi in the list of directors who are disqualified to be reappointed on the board of PAPL or to be appointed on the board of another company. Further, in terms section 167 of the Companies Act, in case of any director incurring disqualification under section 164(2) of the Companies Act, 2013, the office of such director is required to become vacant in all other companies. In the event, PAPL and its directors are held to be in violation of section 164(2) of the Companies Act, 2013, our Promoter and Managing Director, Rajendra Gandhi, may be required to vacate his directorship in our Company. Our Promoter and Managing Director, Rajendra Gandhi, is instrumental to the growth and operations of our Company, and his disqualification will have an adverse impact on our business, financial condition and results of operations.

7. *Our Promoter, Rajendra Gandhi, has been named as a respondent in certain criminal and civil proceedings.*

Our Promoter, Rajendra Gandhi, has been named as a respondent in certain criminal and civil proceedings. For instance, in 2006, the Karnataka State Pollution Control Board (“KSPCB”) filed a criminal complaint against our Promoter, Rajendra Gandhi and our Company before the Additional Chief Metropolitan Magistrate, Bengaluru (“ACMM Court”) in relation to, *inter alia*, the alleged violation of section 21 of the Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”). The KSPCB has alleged that our Company operated its erstwhile facility situated at No. 28/1, Adjacent to AGS Layout, 3rd Main Road, Arehalli Village, Uttarahalli Hobli, Bengaluru without obtaining the requisite consents under Air Act. Further, criminal proceedings have also been initiated against our Promoter, Rajendra Gandhi by State of Karnataka at the instance of Deputy Director of Factories, Bangalore Division-3, Bangalore in relation to an accident at our Bengaluru facility, which caused injuries to our employee.

An FIR has been filed against our Promoter, Rajendra Gandhi, by Raju in relation to an accident that took place in our Bengaluru facility on November 13, 2018, resulting in two casualties and injury to 13 other workmen. For further details in relation to these matters, see “*Outstanding Litigation and Material Developments*” on page 244. For further details in relation to the accident that took place in our Bengaluru facility on November 13, 2018, see “*Risk Factor - There may be a delay in production at, or shutdown of, any of our manufacturing facilities or at any of the third party manufacturing facilities we use for the sourcing of our products and packaging material*” on page 24. The aforementioned proceedings against Rajendra Gandhi are currently pending, and there can be no assurance that the relevant judicial forums will dismiss the complaints or rule in favour of the respondents. Any conviction of Rajendra Gandhi or any decision which is not in favour of the persons named in the complaints for the alleged offences may lead to negative publicity and affect our business, reputation and results of operations. For further details, see “*Outstanding Litigation and Material Developments*” on page 244.

8. *We rely on third party OEMs for the sourcing of some of our products, which are not manufactured by us in India.*

We rely upon third-party OEMs for the sourcing of some of our products. For Fiscals 2017, 2018, 2019 and for the six month period ended September 30, 2019, such traded products contributed 21.04%, 31.50%, 31.63% and 29.82%, respectively, to our total revenues. While such traded products are manufactured on the basis of specifications provided by us and under the supervision and monitoring of our sourcing team, we have limited control over the manufacturing and quality control processes, and any defects discovered in such products may have an adverse impact on our brand reputation and results of operations.

9. *Our manufacturing facilities are situated on land which may be subject to regulatory action and litigation.*

As of the date of this Draft Red Herring Prospectus, we have two manufacturing facilities, one in Bengaluru, Karnataka and the other at Baddi, Himachal Pradesh. Our manufacturing facility in Bengaluru admeasuring 42 acres 12 guntas is situated on several contiguous parcels of land, a majority of which are owned by our Company. However, 2.78% which is equivalent to 1 acre 5 guntas of the land parcels in our Bengaluru Facility are still held in the name of our Promoter, Rajendra Gandhi, which have not been transferred to our Company. Further, in respect of the land parcels comprising the Bengaluru Facility, as of the date of this Draft Red Herring Prospectus:

- 3.09% which is equivalent to 1 acre 10 guntas (this includes 1 acre 5 guntas of the land owned by our Promoter, Rajendra Gandhi) of the land parcels within our factory premises have not been converted from agricultural use to non-agricultural use;
- 4.70% which is equivalent to 1 acre 36 guntas of the land parcels which are held by our Company are yet to be registered in the name of our Company;

- our Company has received show cause notices from the Kanakapura Planning Authority (“**KPA**”) in relation to failure to obtain the requisite approvals from KPA for carrying our industrial development program on 17.14% of the land parcels which is equivalent to 6 acres 37 guntas.; and
- our Promoter, Rajendra Gandhi, has received a notice from the Tahsildar, Kanakapura Taluk, in relation to submitting proof of being an agriculturist in relation of holding 2.78% which is equivalent to 1 acre 5 guntas of the land parcels which are marked for agricultural use and he has replied to this notice with the required documents

The fair market value of the land parcels which are owned by the Promoter and third parties are not mentioned in the balance sheet. However, the fair market value of the land parcels on which notices have been received is ₹131.58 million. Further, the total value of the lands of the Company is ₹844.48 million.

In the event that our Company or our Promoter, Rajendra Gandhi are held to be in violation of the aforementioned regulatory requirements, it may result in *inter alia*, the underlying land parcel being forfeited by the government authorities and the eviction of our Company from the premises. Further, it may result in an order against our Company to discontinue the use of the underlying land parcel and restoring the land to its original condition. While no part of the land for which we have received notices forms part of the factories in our manufacturing facilities, a substantial portion of our manufacturing activity is undertaken at our Bengaluru Facility, and for Fiscal 2019 and the six month period ended September 30, 2019, it contributed 68.6% and 69.8%, respectively, to our overall production volumes. There can be no assurance that the regulatory authorities will not pass an adverse order against our Company or our Promoter, Rajendra Gandhi, or that our Company or our Promoter may be able to obtain the requisite approvals within the prescribed timelines or at all. Any impact on the underlying lands on which our manufacturing facilities are built will have an adverse impact on our business, financial condition and results of operations. Further, in the event that we are required to set up our manufacturing facilities at any other place, we may not achieve the current economies of scale, and may incur high raw material cost, transportation cost, high rent, high warehouse charges, which in turn impact profitability.

10. *Expansion into new geographic regions and markets may subject us to various challenges.*

We intend to increase the sales and distribution of our products in Indian states where large markets exist for the segments in which we operate, as well as introduce new products and brands in the states where we currently operate. However, for the products manufactured and sold by us under our *Gilma* brand, we have limited experience and knowledge of operating in states outside of southern India, and our foray into new geographies, or into new brands or products in the existing geographies may be subject to high barriers to entry including existing competition, local laws and market dynamics. Further, we may not be able to effectively assess the level of promotional marketing required in a particular state, and the recognition of our brands and products in such states may not be in the manner or to the extent anticipated by us. Our expansion into new geographies may also be challenging on account of our lack of familiarity with the social, political, economic and cultural conditions of these new regions, language barriers, difficulties in staffing and managing such operations and the lack of brand recognition and reputation in such regions. We may also encounter other additional anticipated risks and significant competition in such markets. Due to our limited experience in undertaking certain types of markets or offering certain services, our entry into new business segments or new geographical areas may not be successful, which could hamper our growth and damage our reputation. We may be unable to compete effectively for products in these segments. Further, our new business or projects may turn out to be mutually disruptive and may cause an interruption to our business as a result. If we are unable to successfully execute our growth and expansion strategies, our business, prospects and results of operations could be materially and adversely affected.

11. *The BLACK + DECKER Brand License Agreement contains certain onerous provisions and a failure to comply with certain provisions could result in adverse consequences including an event of default.*

The BLACK + DECKER Brand License Agreement has been entered into between our Company and Stanley Black & Decker, Inc. and The Black and Decker Corporation (collectively referred to as “**B&D**”) in relation to licensing of certain proprietary trademarks held by B&D (“**Black + Decker Marks**”) to use such Black + Decker Marks for the purpose of manufacturing, distributing, marketing and selling blenders and juicers, breakfast appliances, small cooking appliances and small domestic appliances in India. The products falling under the BLACK + DECKER Brand License Agreement are new to our Company’s operations and our Company has not previously dealt with these products. Under the terms of the BLACK + DECKER Brand License Agreement, our Company is required to get all the products that it intends to sell under the Black + Decker Marks approved by B&D at the development stage and is also required to maintain certain quality standards, failing which B&D can unilaterally terminate the BLACK + DECKER Brand License Agreement. Additionally, our Company is required to achieve minimum total sales per year as laid out in the BLACK + DECKER Brand License Agreement, failing which B&D may at its sole discretion terminate the BLACK + DECKER Brand License Agreement. Further, in terms of the BLACK + DECKER Brand License Agreement we are, *inter alia*, required to submit to B&D a marketing plan for marketing of the BLACK + DECKER products. Additionally, in case we launch products comparable to products that are selling under the BLACK + DECKER Agreement, then we will be required to either maintain comparable or exceed quality standards of the manufacture of the products under the BLACK + DECKER Brand License Agreement. This may lead to the suppression of our own

product range.

The BLACK + DECKER Brand License Agreement stipulates that B&D shall have no liability to our Company or any other person on account of any injury, loss or damage or any other liability, costs, etc. imposed upon our Company or any other person resulting from the production, use or sale of any licensed product, or any labelling, packaging, advertising or promotional activities with respect to the licensed products. Our Company has also agreed to indemnify B&D and its officers, agents, representatives, etc. against claims, demands, damages, liabilities, expenses, losses and costs, etc. arising out of the usage of the licensed products. In the event that we are not able to comply with the provisions of the BLACK + DECKER Brand License Agreement, including for any reason beyond our control, our business, financial condition and results of operations may get adversely impacted. Further, the BLACK + DECKER Brand License Agreement also imposes a non-compete obligation on our Company, and for the duration of the BLACK + DECKER Brand License Agreement and for a period of one year thereafter on prohibiting the sale of all the products licensed to our Company under brands which are competitive to the BLACK + DECKER brand. The non-compete enforced by the BLACK + DECKER Brand License Agreement only pertains to such products that are competitive to the BLACK + DECKER brand. Our inability to manufacture and sell certain products under brands which may be considered 'competitive' with the Black + Decker Marks during the term of the agreement and after its expiry, may hamper our ability to cater to our existing customers and also restrict our ability to develop and manufacture new product and product lines, which may have an adverse impact on our financial condition and results of operations.

12. *Our sales may be negatively impacted by increasing competition from companies and local firms with products similar to ours.*

The kitchen cookware appliance business and our associated retail business operates in a highly competitive environment. We compete with other retailers that market products similar to ours. We compete with national businesses that utilize a similar retail store strategy, as well as local unorganized kitchen cookware appliance manufacturers. The sales growth in the kitchen cookware appliances industry has encouraged the entry of many new competitors, new business models, and an increase in competition from established companies, many of whom are willing to spend significant funds and/or reduce pricing in order to gain market share.

The competitive challenges facing us include:

- anticipating and quickly responding to changing consumer demands or preferences better than our competitors;
- fragmented market divided between big players accounting for about half of the market and small and regional players;
- maintaining favourable brand recognition and achieving customer perception of value;
- effectively marketing and competitively pricing our products to consumers in diverse market segments;
- effectively managing and controlling our costs and pricing to effectively compete with regional players;
- adopting a balance between high quality and pricing;
- effectively managing increasingly competitive promotional activity;
- effectively attracting new customers;
- developing new innovative shopping experiences in retail stores;
- developing innovative, high-quality products in colours and styles that appeal to consumers of varying age groups, tastes, regions, and in ways that favourably distinguish us from our competitors; and
- effectively managing our supply chain and distribution strategies in order to provide our products to our consumers on a timely basis and minimize returns, replacements and damaged products

In light of the many competitive challenges facing us, we may not be able to compete successfully. Increased competition could reduce our sales and impact our business condition and results of operations.

13. *Our Group Company SAEPL is engaged primarily in manufacturing, importing and exporting of components for domestic and other appliances. Any conflict of interest which may occur between the business of SAEPL and us may adversely affect our business, prospects, results of operations and financial condition.*

SAEPL is engaged primarily in the business of manufacturing, importing and exporting of components for domestic and other appliances such as heating stoves for domestic application and jugs for consumer durables, a line of business similar to that of ours. Currently, SAEPL have not entered into any non-compete agreement with us. We will endeavour

to take adequate steps to address any conflict of interest by adopting the necessary procedures and practices as permitted by applicable law, to address any conflict which may arise in the future. We cannot assure you that our Promoters will not favour the interests of SAEPL over our interests or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

- 14. *Our Promoters and one of our Directors have provided personal guarantees for financing facilities availed by our Company and may in the future provide additional guarantees and any failure or default by our Company to repay such facilities in accordance with the terms and conditions of the financing agreements could trigger repayment obligations on them, which may impact their ability to effectively service their obligations as our Promoters and Directors and thereby, adversely impact our business and operations.***

Our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, and our Director, Neha Gandhi, have personally guaranteed the repayment of certain loan facilities taken by us. Our Promoters have guaranteed the principal amounts for all our outstanding facilities. Additionally, Neha Gandhi, our Director, is a co-guarantor with our Promoters for the principal amounts availed from RBL Bank Limited and IDFC First Bank Limited. For further details, please see “History and Certain Corporate Matters- Guarantees issued by our Promoters” on page 142. Our Promoters may continue to provide such guarantees and other security post listing. In case of a default under our loan agreements, any of the guarantees provided by our Promoters may be invoked, which could negatively impact the reputation and net worth of our Promoters. In addition, our Promoters may be required to liquidate their shareholding in our Company to settle the claims of the lenders, thereby diluting their shareholding in our Company.

Furthermore, in the event that our Promoters withdraw or terminate their guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

- 15. *Due to the geographic concentration of our sales in the Southern regions of India, our results of operations and financial condition are subject to fluctuations in regional economic conditions.***

As of October 31, 2019, all of our 62 Gilma branded franchisee stores are located in south India. See “Our Business” on page 114. During Fiscals 2017, 2018, 2019 and the six month period ended September 30, 2019, the revenues from our sales in southern Indian states accounted for 67.81%, 61.54%, 60.50% and 61.74%, respectively of our total income, respectively. Our concentration of sales in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions, which may adversely affect our business prospects, financial conditions and results of operations. Any adverse development that affects the performance of the showrooms located in these regions could have a material adverse effect on our business, financial condition and results of operations. Any event negatively affecting these states, including but not limited to economic downturn, natural disasters or political unrest, could have a material adverse effect on our business and results of operations.

- 16. *There may be a delay in production at, or shutdown of, any of our manufacturing facilities or at any of the third party manufacturing facilities we use for the sourcing of our products and packaging material.***

The success of our manufacturing activities depends *inter alia*, on the productivity of our workforce, compliance with regulatory requirements and the continued functioning of our manufacturing processes and machinery. Disruptions in our manufacturing activities could delay production or require us to shut down the affected manufacturing facility. Moreover, some of our products are permitted to be manufactured at only such facility which has received specific approvals, and any shut down of such facility will result in us being unable to manufacture such product for the duration of such shut down. In the last three Fiscals, the manufacturing facilities of our Company have experienced the following interruptions:

(₹ in million)

Fiscal	Interruption	Financial Impact
2019	Fire accident in the Bengaluru Facility on November 13, 2018	13.85
2018	Nil	Nil
2017	Nil	Nil

Any interruptions in our manufacturing facilities may result in a loss of business and profits, and in certain cases, may also adversely impact our employees and workmen. For instance, there was an electrically induced fire accident occurred at the roller coating unit plant in unit II of the Company’s Bengaluru manufacturing facility on November 13, 2018. The accident was caused by the finishing machine and the aluminum powder dust extractor system. As a result, a total of 15 people were injured because of the Accident, out of which two (including one who was an employee of the independent contractor) have subsequently deceased.

Any such events in the future may result in us being unable to meet with our contractual commitments, which will have an adverse effect on our business, results of operation and financial condition. Any interruption at our

manufacturing facilities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire, failure of machinery or the failure of power sources such as electricity at our manufacturing facilities for a prolonged period could reduce our ability to meet the conditions of our contracts and earnings for the affected period, which could affect our business, prospects, results of operations and financial condition.

Further, all of our manufacturing activities are undertaken across two facilities, i.e. in Bengaluru, Karnataka and Baddi, Himachal Pradesh. A temporary or permanent shut down of either of our manufacturing facilities, the disruption of services at either of our manufacturing facilities, or our inability to acquire or establish additional manufacturing units may adversely impact our ability to continuously operate in a profitable manner, or at all.

Additionally, we rely on certain third party contract manufacturers outside India for the sourcing of several types of products such as LED emergency lights, batons, water bottles, flask, electric kettle, chimney, iron and chopper for our PIGEON brand. Further, we also rely on certain third party manufacturers in India for sourcing our packaging material. In the event that there are disruptions in the manufacturing facilities of such third party contract manufacturers, it will impact our ability to deliver such products and meet with our contractual commitments. If these third party manufacturing facilities cease to be available to us at costs acceptable to us or we experience problems with, or interruptions in, such services, and we are unable to find other facilities to provide similar manufacturing capacity on comparable terms and on a timely basis, our operations would be disrupted and our financial condition and results of operations could be adversely affected.

17. *Our business is operating under various laws which require us to obtain approvals from the concerned statutory/regulatory authorities in the ordinary course of business and our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations could materially and adversely affect our business, prospects, results of operations and financial condition*

Our operations at our manufacturing facilities in Bengaluru, Karnataka and Baddi, Himachal Pradesh are subject to extensive government regulation and in respect of our existing operations, we are required to obtain and maintain various statutory and regulatory permits, certificates and approvals including, inter alia, environmental approvals, factories licenses, labour related, tax related approvals and mandatory certifications under the Bureau of Indian Standards Act, 2016. In addition, our sales office at Jaipur is subject to government regulation, for which we are required to obtain and maintain statutory and regulatory licenses, registrations and approvals, including those under the state-specific shops and establishments legislations and the state-specific municipalities/ municipal corporation legislations. For details in relation to the key regulations and laws applicable to our operations, see “*Regulations and Policies*” on page 133.

In respect of our manufacturing facilities, we have made applications for certain approvals. We have also made applications for trademark registrations and applications for renewal of trademark registrations under the Trade Marks Act, 1999. In respect of our sales office, we have not obtained the licenses and registrations under inter alia the Shops and Establishments Act and the respective Municipalities/ Municipal Corporation Act. Additionally, an application for renewal of authorisation for handling hazardous waste under the provisions of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 is pending before the Karnataka State Pollution Control Board for our manufacturing unit situated in Bengaluru, Karnataka and an application for renewal of the fire NOC in relation to our Bengaluru facility is pending with the Karnataka Fire and Emergency Services. There can be no assurance that the relevant authorities will issue such permits, approvals, licenses or registrations, in time or at all. Failure or delay in obtaining or maintaining or renew the required permits, approvals, licenses or registrations within applicable time or at all may result in interruption of the operations of our Company.

Further, the relevant authorities may also initiate penal action against our Company, restrain its operations, impose fines/ penalties or initiate legal proceedings for inability to obtain approvals in a timely manner or at all, or suspend or revoke licenses in the event of non-compliance with the licensing conditions. For instance, our Company has been issued show cause notices by the Additional Director General of Foreign Trade (“**DGFT**”) under the provisions of Foreign Trade (Development and Regulation) Act, 1992 (“**FT Act**”) read with the Foreign Trade (Regulation) Rules, 1993 (“**FT Rules**”), alleging non-fulfilment of certain export obligations. For details, see “*Outstanding Litigation and Material Developments – Litigation involving our Company - Outstanding actions initiated by regulatory and statutory authorities*” on page 247. While we have subsequently submitted the requisite documents and details with the DGFT, our Company is yet to receive the Export Obligation Discharge Certificate in respect of the alleged non-compliances. In the event that our Company is held to be in violation of the FT Act and/ or FT Rules pursuant to these show-cause notices or any future non-compliances, it may have adverse implications on us, including inter alia, the suspension of our import and export license, placement of our Company under the ‘denied entity list’, which may have an adverse impact on our business condition and results of operations.

Additionally, our Company has also received a notice dated March 28, 2019 from the Karnataka Fire and Emergency Services, Ramanagara District (“**Fire Department**”), alleging certain deficiencies in the installation of firefighting equipment at our Bengaluru manufacturing facility, and non-compliance by our Company with the recommendations issued by the Fire Department pursuant to the safety recommendation certificate issued to our Company. Pursuant to this notice, the Fire Department had directed us to install firefighting equipment within seven days from the date of the receipt of the notice. For further details, see “*Outstanding Litigation and Material Developments - Litigation*

Involving our Company - Outstanding actions initiated by regulatory and statutory authorities” on page 247. Pursuant to a letter dated April 8, 2019, our Company responded to the Fire Department notice had asked for an extension of timeline for installation of the requisite firefighting equipment at our Bengaluru manufacturing facility premises. As of the date of this Draft Red Herring Prospectus, we are yet to comply with the directions under the notice, and we cannot assure you that no legal action will be initiated against our Company by the Fire Department, for such non compliance.

Any delay in compliance, failure or delay in obtaining such approvals could have a material adverse effect on the business, financial condition and profitability of our Company. For details of the applications for approvals made by our Company, see “*Government and Other Approvals – Approvals for which applications have been made*” on page 252. There can be no assurance that the relevant authorities will issue or renew any expired permits or approvals in time or at all. Failure or delay in obtaining approvals or failure by us to obtain, maintain or renew the required permits or approvals within applicable time or at all may result in interruption of our operations.

We cannot assure you that in the future, these approvals may not be suspended or revoked in the event of the regulations governing our business being amended or non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, or suffer disruption in our activities, any of which could adversely affect our business.

Additionally, if we fail to obtain or renew any applicable approvals, licenses, registrations and permits in a timely manner, we may not be able to undertake our business activities and expand our business operations, as planned, or at all, which could affect our business and results of operations. Conducting our business operations without holding the relevant approval, license, registrations or permits may subject us to penalties. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which may be onerous and may require us to incur substantial expenditure. Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business, financial and other conditions, profitability and results of operations.

18. *We have no control over our Associate, PAPL, and have not been able to obtain any information from PAPL for the purposes of the Offer for the purposes of this Draft Red Herring Prospectus.*

As of the date of this Draft Red Herring Prospectus, our Company has one associate company as defined under the Companies Act, 2013, namely PAPL. While our Company is one of the shareholders in PAPL holding 37.46% of the issued and paid up capital of PAPL, as per the annual audited accounts of PAPL dated July 4, 2014 for Fiscal 2014, and one of our Promoters, Rajendra Gandhi, is a director on the board of directors of PAPL, in the past, we have not been able to communicate with, or obtain any information from PAPL. Further, as of the date of this Draft Red Herring Prospectus, there are certain proceedings involving our Company and PAPL which are ongoing, and during the pendency of which we may not be able to communicate with or obtain any information from PAPL for the purposes of the Offer. For further details, see “*Risk Factor – Our Promoter and Managing Director, Rajendra Gandhi, may be required to vacate his directorship from our Board.*” and “*Outstanding Litigation and Material Developments*” on pages 20 and 244, respectively. Further, please note that our promoter, Mr. Rajendra Gandhi did not resign from the board of PAPL in order to protect our Company’s investment in PAPL. Additionally, it is important to have a representative of our Company on the board of PAPL to secure our Company from any unilateral decision taken by the board of PAPL and to keep our Company apprised of the condition, operations and/or ongoing compliances of PAPL. On account of our inability to communicate with PAPL, we cannot assure you that (a) PAPL has not been refused listing of any securities at any time by any of the recognized stock exchanges in India or abroad; (b) any unsecured loans having been availed by PAPL, which may be recalled by the lenders at any time; and (c) PAPL will ensure compliance with Regulation 60 of the SEBI ICDR Regulations in relation to public communications, publicity materials, advertisements and research reports.

19. *We have entered into retail and franchisee agreements for the sale of our products, and such agreements may impose onerous conditions upon us.*

We do not own any retail stores, and the sale of our products is undertaken from brick and mortar retail outlets (organized and unorganized), multi-retail stores and online retail platforms. Further, the sale of our *Gilma* products is exclusively undertaken from *Gilma* branded franchisee stores. Our agreements with retailers and franchisees may impose conditions which are unfavourable to us, including, *inter alia*:

- the ability of the retailer to reject and return such products at our Company’s expense which do not conform to the agreed specifications in terms of packaging and labeling requirements specified by the retailer;
- our Company indemnifying the retailer, its affiliates, officers, directors and agents against any claim arising directly or indirectly from any death or injury to any person, damage to any property or any other damage or loss due to any defect in or use of the our products;
- the retailer not being liable to our Company for any consequential, special, punitive or indirect damages, including lost profits or opportunities;

- the retailer having the right to terminate the agreement at any time without assigning any reasons; and
- the obligation of our Company to pay defective/ return merchandise allowance, adequate to cover all costs associated with the returned merchandise incurred by the retailers.

In the past, there have been instances where retailers have imposed penalties on us for the delay in manufacture of certain products as per the specified timelines. In Fiscal 2019 we paid a total of ₹11.20 million for 89 instances of delay in supplying certain products as per specified timelines. In the event that any of the conditions as stated above, or any other condition specified in the respective retailer agreements are imposed upon us, it may result in an adverse impact on our business, prospects, financial condition and results of operations. Further, the activities of our franchisees could have a material adverse effect on our goodwill and our brands.

20. *If we are unable to service our debt obligations in a timely manner or to comply with various financial and other covenants and other terms and conditions of our financing agreements, it may adversely affect our business, prospects, results of operations and financial condition.*

As of December 31, 2019 our Company had total indebtedness in the form of short term and long term borrowings of ₹1,620.37 million. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards repayment of our existing debt, which will reduce the availability of our cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates;
- there could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions, in particular, we have certain foreign currency denominated borrowings that could be adversely affected in case of foreign exchange fluctuations.

For further details, see “*Financial Indebtedness*” on page 242.

Many of our financing agreements also include various conditions and covenants that require us to obtain consent of the lenders prior to carrying out certain activities or entering into certain transactions. Under these financing agreements, we also require consent of the lenders for undertaking an initial public offering of our Equity Shares including consequential corporate actions. As on the date of this Draft Red Herring Prospectus, we have received consents from all such lenders. Typically, restrictive covenants under our financing agreements relate to obtaining prior consent of the lender for, among others, change in the capital structure, change in management, amendment of constitutive documents, any merger, reorganization or similar action, and a failure to observe the restrictive covenants under our financing agreements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such facilities and the enforcement of any security provided. In the event of a breach or non-compliance of relevant terms of our financing arrangements, we may be required to seek waivers from the respective lenders for such breaches or non-compliances. Further, we are required to comply with certain financial covenants on an ongoing basis under our financing agreements, and the non-compliance with, or breach of, such financial covenants may result in an event of default under our financing agreements.

We cannot assure you that we will be able to obtain such amendments or waivers on satisfactory terms, or at all, and the relevant lenders could, inter-alia, impose penal and default interests, accelerate the maturity of our obligations and declare all amounts payable in respect of the facility to be due and payable immediately or otherwise on demand. Further, during any period in which we are in default, we may be unable to obtain further financing or any refinancing of our debt could be at higher rates of interest with more onerous covenants. In addition, lenders may be able to sell our assets charged under such financing arrangements to enforce their claims. Any acceleration of amounts due under such facilities may automatically trigger cross default provisions under our other financing agreements. We may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing agreements, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes, or if required, undertake a sale of our assets. For further details, see “*Financial Indebtedness*” on page 242. Any of these circumstances could adversely affect our business, credit rating, prospects, results of operations and financial condition. Moreover, any such action initiated by our lenders could result in the price of the Equity Shares being adversely affected.

21. Our financial condition may be adversely affected if any of our contingent liabilities materialise.

As of September 30, 2019, we had the following contingent liabilities and commitments:

(₹ in million)

Particulars	As of September 30, 2019
<i>Contingent liabilities</i>	
Indirect tax matters	75.90
Provident fund claims	9.39
Other disputed claims	2.68
<i>Commitment</i>	
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (net of advance)	59.22
Total	147.19

In the event that any of our contingent liabilities materialise, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

22. Our Company is a partner of Stovekraft India, a partnership firm, and has the rights and obligations of a partner under law.

Our Company is a partner in Stovekraft India, a partnership firm, and holds a 99% interest in the firm. Under section 25 of the Partnership Act, 1932, a partner of a partnership firm has unlimited liability for all the acts of the partnership firm, and accordingly, our Company will be liable for any acts of Stovekraft India, and any impact on the assets and liabilities of Stovekraft India will have an impact on our Company. For further details, see “Financial Statement – Independent Auditor’s report on the Restated Financial Information” on page 165.

23. There are certain restrictive covenants in the Investment Agreement, the non-compliance of which could have a material adverse effect on our business, results of operations and financial condition.

Our Company and our Promoters have entered into an Investment Agreement with, *inter alia*, SCI and SCI-GIH. The Investment Agreement has covenants which, *inter alia*, required us to obtain consents from various regulatory authorities, terminate certain agreements with our existing vendors, issuance of additional shares to certain entities and re-execute all our dealership contracts. While we believe that we have complied with such covenants there can be no guarantee that SCI or SCI-GIH or any other party to the Investment Agreement would not initiate actions against us for breach of any of the covenants under the Investment Agreement which could consequently have a material adverse effect on our business, results of operations and financial condition. For further details in relation to the Investment Agreement, please see “History and Certain Corporate Matters- Summary of Key Agreements and Shareholders’ Agreements” on page 140.

24. We may be exposed to potential liabilities from any personal injury claims alleging any deficiency in our products or in counterfeit products of an inferior quality.

25. Our business may be adversely affected by litigation and complaints from customers or government authorities resulting from deficiencies in our products. For instance, some of our customers have filed cases in relation to, *inter alia*, alleged defects in our products. We could also incur significant liabilities if a lawsuit or claim results in a decision against us and substantial litigation costs in relation to these lawsuits. For further details in relation to consumer claims filed against our Company, see “Outstanding Litigation and Material Developments” on page 244. Further, our business could be harmed in the event of the sale of any defective or misbranded product. Our products are also exposed to the risk of being counterfeited by third parties using or copying our packaging to sell their products. For instance, our Company has instituted proceedings against PAPL in relation to the unauthorised use of our ‘PIGEON’ trademark by PAPL. For further details, see “Outstanding Litigation and Material Developments” on page 244. These products may be formulated differently and may be of an inferior quality as compared to our products. However, we may be subject to potential liabilities, including reputational harm, in relation to such counterfeit products as well. For further details, see “Outstanding Litigation and Material Developments” and “Risk Factor - The trademark for our marquee brand ‘Pigeon’ is the subject matter of litigation, and there can be no assurance that we will be able to protect the trademark in the future” on pages 244 and 18 respectively.

26. Our inability to manage our growth could disrupt our business and have an adverse effect on our profitability.

Our growth strategies such as expanding into new geographies or expanding the brand portfolio through the launch of new products are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans successfully, or complete them within the budgeted cost and timelines. Our success in implementing our growth strategies may be affected by:

- our ability to identify trends and demands in the kitchen appliances’ industry, and develop new and more personalised and innovative products;

- our ability to identify new markets in different jurisdictions to expand to and distributors to partner with in such markets;
- acceptance by our target consumer base of our new products;
- our ability to maintain the quality of our products and provide continuous after sale services to our customers;
- our ability to increase our existing consumer base; and
- the general condition of the Indian and global economy

Further, implementing our strategies and managing growth of our business will impose a significant demand on our management time and other resources. On account of changes in market conditions, industry dynamics, changes in regulatory policies or any other relevant factors, our growth strategies and plans may undergo substantial changes and may even include limiting or foregoing growth opportunities if the situation so demands. Separately, our growth strategy involves adoption of advanced technologies to firm up our production processes, and expand our distribution and manufacturing initiative. We may be unable to identify, or implement new technologies associated with manufacture of kitchen and home care products in an optimal manner. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

27. *Our retail business is subject to seasonal volatility, which may affect our results of operations and financial condition.*

Our business and the kitchen appliances industry in general is subject to seasonality. Generally, we witness an increase in sales in the second half of the Fiscal and sales generally decline during the first quarter of the Fiscal. Accordingly, our revenue in the first two quarters may not accurately reflect the revenue trend for the whole Fiscal. Our business is also affected by certain festivals which lead to an increase in our sales and by retailers reducing their purchases from us in first quarter of a particular Fiscal. The seasonality of our business operations and kitchen appliances industry in general, may cause fluctuations in our results of operations and financial condition.

28. *Our Promoter and Managing Director, Rajendra Gandhi, is involved in one or more ventures which are in the same line of business as that of our Company.*

Our Promoter and Managing Director, Rajendra Gandhi is involved in Stovekraft India and PAPL which are in the same line of business as that of our Company. He is currently a partner of Stovekraft India and director of PAPL. For details see “*Our Promoter and Promoter Group – Common Pursuits*” on page 159. Thus, there can be no assurance that our Promoter will be able to address conflicts of interests that arise because of his positions in such ventures, in an impartial manner. Also, there can be no assurance that our Promoter will not in future engage in any competing business activity or acquire interests in competing ventures. If so, this conflict of interest will remain in the future and in the absence of a non-compete arrangement, we may not be able to suitably resolve any such conflict without an adverse effect on our business or operations.

29. *There have been instances of erroneous form filings in relation to allotment of Equity Shares of our Company and transfers of Equity Shares of our Company, in relation to which the share transfer forms are not available in our Company’s records.*

We manage our internal compliance by monitoring and evaluating internal controls, and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. For instance, we have made erroneous form filings of form PAS-3 in relation to allotment of Equity Shares made on September 23, 2018 pursuant to the conversion of CCDs, for which rectification remains pending. Further, we are unable to trace certain corporate and other documents in relation to our Company including share transfer forms in relation to transfer of Equity Shares by and to our Promoters, either in our Company’s records or in the records of our Promoters. The details of such share transfers are as follows:

- transfer of 20,000 Equity Shares made on November 10, 2003 from Satishchandra Karanath to Sunita Rajendra Gandhi;
- transfer of 10,000 Equity Shares made on November 10, 2003 from Nivedita S. to Sunita Rajendra Gandhi;
- transfer of 5,000 Equity Shares made on November 10, 2003 from M/S Karnet Engineering to Sunita Rajendra Gandhi; and
- transfer of 100,000 Equity Shares made on March 26, 2006 from Venkatesh Gowda to Rajendra Gandhi;

In the absence of such records, we have relied on annual returns, minutes of the Board of Directors of our Company and statutory registers in order to ascertain details of such transfers. While we believe that the transfers were undertaken in a valid manner in terms of applicable laws and our AoA, we cannot assure you that the share transfer forms in

relation to such transfers of such Equity Shares were filed with us in a timely manner or at all.

For further details in relation to notices received by our Company from statutory authorities, see “*Outstanding Litigation and Material Developments – Notices issued by Statutory Authorities*” on page 246. In the event of any delayed filings in relation to the aforementioned allotments or failure to make the requisite filings, our results of operations and financial condition may be adversely affected due to regulatory proceedings and any penalty or fines levied on us on account of such non-compliances. As we continue to grow, there can be no assurance that there will be no other instances of statutory non-compliance/ delays.

30. *Uncertain nature regarding the kitchen cookware appliances market, economic conditions and other factors beyond our control could adversely affect demand for our products and services, our costs of doing business and our financial performance.*

Our financial performance depends significantly on the stability of the kitchen appliances market in general and kitchen cookware appliance markets in particular, as well as general economic conditions, including changes in gross domestic product. Adverse conditions in or uncertainty about these markets, or the economy could adversely impact our customers’ confidence or financial condition, causing them to determine not to purchase kitchen appliances and products, or delay purchasing or payment for those products and services. Other factors beyond our control, including the availability of, the state of the credit markets, consumer credit, and general economic sentiment and other conditions beyond our control, could further adversely affect demand for our products, our costs of doing business and our financial performance. The kitchen appliances market is dynamic in nature, with frequent innovations to suit customer preferences. In the event that we are unable to continuously innovate our product portfolio in line with the technological developments in the kitchen appliances industry and on the basis of shifts in consumer preferences, our products may become obsolete, which may have an adverse impact on our sales and results of operations.

31. *Any disruptions in our logistics or supply chain network and other factors affecting the distribution of our merchandise could adversely impact our operations, business and financial condition.*

Our supply chain and logistics network is focused around warehouses that are owned and operated by our carrying and forwarding agents. Their warehouses act as storage facilities for onward delivery of our merchandise to all our customers. Any material disruption at these warehouses for any reason may damage our products stored at such warehouses and adversely affect our supply chain network and logistics operations, thereby affecting our results of operations. Further, in the event that we are not able to engage warehouses at an affordable cost, then we may incur additional cost associated with such inventory, which may impact our profitability.

We use third party logistic providers for the delivery of products from our manufacturing plants to our distributors. Any disputes with such third party logistic providers would result in disruption of the distribution process of our products and will have an adverse effect on the deliveries from our warehouses to our customers. Additionally, any disruption in our logistics or supply chain network could adversely affect our ability to deliver inventory in a timely manner, which could impair our ability to meet customer demand for products and result in lost sales, increased supply chain costs or damage to our reputation.

32. *We depend heavily on our Key Managerial Personnel, and loss of the services of one or more of our key executives or Key Managerial Personnel could weaken our management team.*

Our success depends on the skills, experience and efforts of our Key Managerial Personnel and on the efforts, ability and experience of key members of our management staff. Our Promoter, Rajendra Gandhi, is a first generation entrepreneur with over 20 years of experience in the kitchen appliances and home utility products industry. Our Key Managerial Personnel have extensive experience in retail sales, enterprise sales, channel sales and kitchen appliance industry that are critical to the operation of our business. For further details, see “*Our Management*” on page 143.

In the event that our Promoter terminates his association with our Company, or in case there is a loss of one or more Key Managerial Personnel of our Company or any of our other management staff, it could weaken our management expertise significantly and our ability to undertake our business operations efficiently in a significant manner. Individuals with industry-specific experience are scarce, and the market for such individuals is highly competitive. As a result, we may not be able to attract and retain qualified personnel with comparable skill and expertise to replace or succeed our Key Managerial Personnel or other key employees, promptly or at all. To see the changes in our Key Managerial Personnel for the last three years, see “*Our Management- Changes in the Key Managerial Personnel*” on page 156. We may take a long period of time to hire and train replacement personnel when skilled personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting skilled employees that our business requires. Any inability on our part to attract and retain qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

33. *Our inability or failure to maintain a balance between optimum inventory levels and our product offering may adversely affect our business, results of operations and financial condition.*

We strive to keep optimum inventory at retail stores, C&F agents and distributors to control our costs and working capital requirements. To maintain an optimal inventory, we monitor our inventory levels based on our projections of demand as well as on a real-time basis. Our hub and spoke model of distribution also enables us to fulfill large orders from our distribution centers directly, and replenish our stocks with minimal lead time. However, unavailability of products, due to high demand or inaccurate forecast, may result in loss of sales and adversely affect our customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase inventory costs, negatively impact cash flow, reduce the quality of inventory, shrinkages and ultimately lead to reduction in margins. Further, some of our products can become obsolete in terms of designs, and any inventory that we hold with respect to old designs may not get sold or replaced by our suppliers. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

34. *We have recently entered markets for non-core products, in which we have limited experience.*

While we have historically been a manufacturer and retailer of kitchen appliances, in 2016, we entered the LED products market under our *Pigeon* brand. For Fiscal 2019 and the six month period ended September 30, 2019, our LED products business contributed 2.80% and 4.42%, respectively, to the total revenues of our Company. We did not have any prior experience in the LED products market before this venture, and therefore there can be no assurance that we will be able to maintain and expand our LED product portfolio in a sustainable manner. Further, the LED product market in India is a highly competitive space, and there can be no assurance that we will be able to introduce new product ranges in the LED segment as per our strategy or compete with the existing players in the market, or at all. In the event that we are not able to operate our LED business in a sustainable manner, it will have an adverse impact on our results of operations and financial condition. Further, we have also entered other non-core markets with products such as chairs, heating and cooling products, etc. in which we have no prior experience, and there can be no assurance that we will be able to operate in the markets for these products in a sustainable and profitable manner. In the event that we are required to expend additional resources towards establishing and consolidating our presence in non-core markets, it may have an adverse impact on our business condition and results of operations.

35. *Our business depends on the performance of its information technology systems and any interruption or abnormality in the same may have an adverse impact on our business operations and profitability.*

We have an ERP system which integrates and collates data of purchase, sales, reporting, accounting, stocks, etc. We utilise our information technology systems to monitor all aspects of our business and rely to a significant extent on such systems for the efficient operation of our business, including, monitoring of inventory levels, allocation of products to our stores and budget planning. Our information technology systems may not always operate without interruption and may encounter abnormality or become obsolete, which may affect our ability to maintain connectivity with our stores and warehouses. We cannot assure you that we will be successful in developing, installing, running and migrating to new software system or systems as required for our overall operations and in staying technologically competitive with our peers. Even if we are successful in this regard, significant capital expenditures may be required, and we may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our operations and profitability. The ERP system deployed by us has been purchased. The regular maintenance and upgrade of the ERP system is carried out by the vendor, at costs to be incurred by the Company. Any failure in this ERP system may necessitate the Company to switch to a different system, implementation of which may result in significant costs to the Company.

Also, our Company cannot guarantee that the level of security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our Company's failure to continue its operations without interruption due to any of these reasons may adversely affect our Company's results of operations.

36. *Our Statutory Auditor's report may contain certain adverse remarks.*

There are certain adverse remarks from the auditors in their audit report and annexure to the auditor's report under the Companies (Auditor's Report) Order, 2016, 2015 and 2003, as applicable, for the last three Fiscals. There is no assurance that our audit report or annexure there on for any future fiscal periods will not contain such comments or any other qualifications or otherwise affect our results of operations in such future fiscal periods. Investors should consider these remarks in evaluating our financial position, cash flows and results of operations. Any such qualifications in the auditors' report on our financial statements in the future may also adversely affect the trading price of the Equity Shares. For details on these qualifications, emphasis of matter, refer "*Financial Statements*" on page 164 respectively.

37. *The emergence of modern trade channels in the form of hypermarkets, supermarkets and online retailers may adversely affect our pricing ability, and result in temporary loss of retail shelf space and disrupt sales of kitchen appliances, which may have an adverse effect on our results of operations and financial condition.*

India has recently witnessed the emergence of hypermarkets, supermarkets and online retailers and the market penetration of large scaled organized retail in India is likely to increase further. While we believe this provides us with an opportunity to improve our supply chain efficiencies and increase the visibility of our brands, it also increases the negotiating position of such stores. We cannot assure you that we will be able to negotiate new distribution agreements

or renegotiate our existing distribution agreements, specially our pricing or credit provisions, on terms favourable to us, or at all. Any inability to enter into distribution agreements and on terms favourable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

From time to time, retailers change distribution centers that supply products to some of their retail stores. If a new distribution center has not previously distributed our products in that region, it may take time to get a retailer's distribution center to begin distributing new products in its region. Even if a retailer approves the distribution of products in a new region, product sales may decline while the transition in distribution takes place. If we do not get approval to have our products offered in a new distribution region or if getting this approval takes longer than anticipated, our sales and operating results may suffer.

38. *The proceeds from Offer for Sale will not be available to us.*

This Offer comprises of a Fresh Issue of Equity Shares by our Company and an Offer for Sale of Equity Shares by the Selling Shareholders. Out of the four Selling Shareholders, two Selling Shareholders are Rajendra Gandhi and Sunita Rajendra Gandhi, who are our Promoters. All the proceeds from the Offer for Sale will be remitted to the Selling Shareholders in proportion to the Equity Shares offered by them in the Offer for Sale, and such proceeds will not be available to our Company.

39. *We have entered into, and will continue to enter into, related party transactions.*

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. While we believe that all such related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, there can be no assurance that we could not have achieved more favorable terms had such arrangements not been entered into with related parties. Further, we cannot assure you that these or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and prospects, including because of potential conflicts of interest or otherwise. Further, the transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. There can be no assurance that our Directors and executive officers will be able to address these conflicts of interests or others in an impartial manner.

40. *We may be subject to labour unrest, operating risks, slowdowns, increased wage costs, and shut-downs.*

Our manufacturing activities are labour intensive and consequently our success depends upon maintaining good relations with our workforce. As of October 31, 2019, we had 2,868 permanent employees engaged across various operational and business divisions in India. India has stringent labour legislations that protect the interests of workers, including legislation that set forth detailed procedures for the establishment of unions, dispute resolution and employee removal, and legislations that imposes certain financial obligations on employers upon retrenchment. Our employees are not unionized currently. However, there is no assurance that our employees will not seek unionization in the future. In the event that employees at our manufacturing facilities take any steps to unionise, it may become difficult for us to maintain flexible labour policies, and may increase our costs and adversely affect our business.

Further, our business operations, specifically our processing facilities are subject to certain operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, performance below expected levels of efficiency, obsolescence and natural disasters. Additionally, we have also been the subject of legal proceedings initiated by our ex-employees and relatives of our ex-employees in relation to certain accidents at the premises of our manufacturing units. For further details, please see "*Outstanding Litigation and Material Developments – Outstanding criminal litigations against our Promoters*" and "*Outstanding Litigation and Material Developments–Outstanding criminal litigations against our Company*" on page 244 and 246, respectively. Our operations are also susceptible to industrial accidents arising from improper handling of combustible materials, improper operation of machinery, human errors or other reasons at our manufacturing facilities or during transportation. Any strikes or lock-outs, work stoppages, slowdowns, shut downs, supply interruptions or costs or other factors beyond our control, may disrupt our operations and could negatively impact our financial performance or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability. There can be no assurance that we will not experience slowdowns or shutdowns in the manner described above, or in any other manner, in the future, for reasons which are beyond our control. Any slowdown or shutdown will adversely impact our results of operations, market share and financial condition.

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

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of

default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition and we may also be subject to legal proceedings in this regard. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

42. *Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected.*

We intend to use the Net Proceeds of the Fresh Issue for the purposes described in “*Objects of the Offer*” on page 70. The objects of the Fresh Issue have not been appraised by any bank or financial institution. Whilst a monitoring agency will be appointed for monitoring utilisation of the Net Proceeds, the proposed utilisation of Net Proceeds is based on current conditions, internal management estimates, contracts and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Further, pending utilization of Net Proceeds towards the Objects of the Offer, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1939. Accordingly, prospective investors in the Offer will need to rely upon our management’s judgment with respect to the use of Net Proceeds.

43. *Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval.*

We propose to utilise the Net Proceeds for repayment/ pre-payment, in full or part, of certain borrowings availed by our Company and other general corporate purposes. For further details of the proposed objects of the Offer, see “*Objects of the Offer*” on page 70. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in the Draft Red Herring Prospectus without obtaining the shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders’ approval may adversely affect our business or operations.

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

In light of these factors, we may not be able to undertake variation of objects of the Offer, or vary the terms of any contract referred to in the Draft Red Herring Prospectus, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilised portion of Net Proceeds, if any, or varying the terms of contract, which may adversely affect our business and results of operations.

44. *We may not be able to derive the expected benefits of the deployment of the Net Proceeds, in a timely manner, or at all.*

Our Company intends to use a certain portion of the Net Proceeds for the purposes of repayment / prepayment in full or in part, of certain of the borrowings availed by the Company. We cannot ascertain whether such initiatives will result in increased sales or have an equivalent monetary impact. Our estimates for the proposed expenditure are based on several variables, a significant variation in any one or a combination of which could have an adverse effect. The details in this regard have been disclosed in the section titled “*Objects of the Offer*” on page 70. While the utilisation of Net Proceeds for repayment/ prepayment of the borrowings would help us to reduce our cost of debt and enable the utilisation of our funds for further investment in business growth and expansion, these objects will not result in the creation of any tangible assets for our Company.

45. *Information relating to our installed capacities and the historical capacity utilization of our manufacturing*

facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.

Information relating to our installed capacities and the historical capacity utilization of our owned manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual utilization rates may differ significantly from the estimated installed capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus.

46. *Third party industry and industry-related statistical data in this Draft Red Herring Prospectus may be incomplete, incorrect or unreliable.*

This Draft Red Herring Prospectus includes information that is derived from the industry report dated August 1, 2018 titled “Kitchen Appliances Market in India” along with the updated industry report dated December 16, 2019 prepared by Frost & Sullivan (“**F&S Report**”), pursuant to an engagement with our Company. Neither we, nor any of the BRLMs have independently verified the data obtained from the official and industry publications and other industry sources referred in this Draft Red Herring Prospectus and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. In particular, neither we, nor any of the BRLMs, nor any other person associated with the Offer has verified the information from the F&S Report, which has been prepared pursuant to an engagement between Frost & Sullivan and our Company. The F&S Report is subject to certain disclaimers set out in “*Certain Conventions, Presentation of Financial Industry and Market Data and Currency of Presentation*” on page 10. Therefore, discussions of matters relating to India, its economy and our industry in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. 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. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. We cannot assure you that Frost & Sullivan’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Draft Red Herring Prospectus. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. See “*Industry Overview*” on page 87.

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

Our Company’s operations at our manufacturing facilities and warehouses are subject to inherent risks such as fire, strikes, loss-in-transit of our products, accidents and natural disasters. In addition, many of these operating and other risks may cause personal injury, damage to, or destruction of our properties and may result in suspension of operations and imposition of civil and/ or criminal penalties. Whilst we believe that we maintain adequate insurance coverage amounts for our business and operations, our insurance policies do not cover all risks and are subject to exclusions and deductibles, and may not be sufficient to cover all damages, whether foreseeable or not. If any or all of our manufacturing facilities and warehouses are damaged in whole or in part, our operations may get interrupted, totally or partially, for a temporary period. There can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. Our inability to procure and/ or maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. For more details on the insurance policies availed by us, please see “*Our Business - Insurance*” on page 129.

48. *Our Promoters and certain of our Key Managerial Personnel are interested in the Company's performance in addition to their normal remuneration or benefits and reimbursement of expenses incurred. Additionally, Our Promoter, Rajendra Gandhi is interested in land acquired and proposed to be acquired by the Company and our Head – Corporate Planning Venkitesh N. is a partner in Revalve Systems from which our Company purchases aluminium gas valves*

Our Promoters and members of our Promoter Group have received the following amounts from our Company in the last three Fiscals and six month ended September 30, 2019:

(₹ in million)

Period	Remuneration paid/payable	Rent paid/payable	Royalty paid/payable per annum	Amount payable or paid for using intellectual property rights
September 30, 2019				
Rajendra Gandhi	5.66	Nil	Nil	Nil

Neha Gandhi	1.23	Nil	Nil	Nil
Sunita Rajendra Gandhi	Nil	0.36	Nil	Nil
Fiscal 2019				
Rajendra Gandhi	9.51	Nil	Nil	Nil
Neha Gandhi	2.17	Nil	Nil	Nil
Sunita Rajendra Gandhi	Nil	0.72	Nil	Nil
Fiscal 2018				
Rajendra Gandhi	8.73	Nil	Nil	Nil
Neha Gandhi	2.01	Nil	Nil	Nil
Sunita Rajendra Gandhi	Nil	0.60	Nil	Nil
Fiscal 2017				
Rajendra Gandhi	8.15	Nil	Nil	Nil
Neha Gandhi	1.78	Nil	Nil	Nil
Sunita Rajendra Gandhi	0.19	0.60	Nil	Nil

Further, our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi are interested, to the extent of their shareholding in our Company. Our Promoter, Rajendra Gandhi, is interested to the extent of his role as a partner in Saya Industries, from whom our Company has bought our manufacturing plant situated in Baddi pursuant to a slump sale agreement dated March 31, 2016. For further details, see “*History and Certain Corporate Matters - Slump sale agreement dated March 31, 2016 entered into between our Company and Saya Industries*” on page 139. The acquisition from Saya Industries was undertaken on the basis of commercial negotiations amongst the parties to the slump sale agreement, and the consideration was not determined on the basis of any independent valuation. While an independent valuation was not statutorily prescribed, we cannot assure you that the transaction could have been undertaken on terms more favourable to our Company, had an independent valuation been undertaken by us.

Our Company also proposes to acquire land situated at survey number 81/6, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramanagar District, which forms part of our Bengaluru Facility from our Promoter, Rajendra Gandhi, and the lands underlying our Baddi plant from Stovekraft India, of which Rajendra Gandhi is a partner (such land at our Baddi plant is currently used by our Company on lease basis at a monthly rent of ₹0.22 million). Our Company has also entered into a lease agreement with our Promoter, Sunita Rajendra Gandhi, dated March 16, 2017 in relation to our Jayanagar service center from which she receives rent from the Company. Also, our Key Managerial Personnel Rohit Mago and Rajiv Mehta Nitinbhai are entitled to receive a part of profit of our Company as per their terms of appointment.

Additionally, our Company purchases aluminium gas valves from Revalve Systems, a partnership firm in which one of our key managerial personnel, Venkitesh N., is a partner. The purchase information for Fiscal 2019 and the six month period ended September 30, 2019 with regards to Revalve Systems is as follows:

As of	Amount of total purchase of AGV (₹ in million)	Amount of total purchase of AGV from Revalve Systems (₹ in million)	Percentage (%) of amount of total purchase of AGV from Revalve Systems against the amount of total purchase of AGV	Amount of total purchase of raw materials (₹ in million)	Percentage (%) of amount of total purchase of AGV from Revalve Systems against the amount of total purchase of raw materials
September 30, 2019	34.63	24.55	99.20%	1,640.16	1.50%
March 31, 2019	61.42	38.44	62.58%	2,983.38	1.29%

For further details, see “*Capital Structure*”, “*Our Management*” and “*Our Promoter and Promoter Group*” on pages 58, 143 and 158 of this Draft Red Herring Prospectus, respectively.

49. A land parcel forming part of our unit situated at our unit II of our manufacturing facility situated at Medamaranahalli Village, Harohalli Hobli, Kanakapura Taluk is a premise in our possession which exposes us to certain risks.

A vacant land parcel bearing survey number 81/4 admeasuring 5,445 sq. feet (5 guntas), and forming part of our unit II of manufacturing facility situated at Medamaranahalli Village, Harohalli Hobli, Kanakapura Taluk is a premise which is in our possession currently but is not owned by us and for which we have paid an advance consideration of ₹0.10 million to Lakshamma (“**Seller**”) out of the total consideration of ₹0.31 million for the land. Additionally, the Seller is not related to the Promoters, Promoter Group/Directors/KMPs of the Company. We enjoy the possession and use of this land through an advance payment receipt in our favor by the owner of such land parcel and the land is in the process of being transferred to our Company. There can be no assurance that we will, in the future, be able to own the land completely. In the event we fail to complete the transfer of the property in our name, in time or at all, our operations may be disrupted which may adversely affect our business, financial condition and results of operations.

50. Certain of our existing shareholders may continue to have rights over our Company after completion of the Offer.

Sequoia will have the right to nominate one director on our Board until such time that Sequoia continues to hold 5.00% of the fully diluted share capital of our Company. Further, in the event of successful completion of the Offer, such right shall be exercisable upon receipt of shareholders' approval through a special resolution by the Shareholders in the first general meeting of the Company held after the successful completion of the Offer. For further details on their shareholding and their right to appoint nominee directors, see "*History and Certain Corporate Matters - Summary of Key Agreements and Shareholders' Agreements - Shareholders' Agreements with our Company*" on page 140. By virtue of their nominee director on our Board, Sequoia may continue to influence the decisions made by our Board after the successful completion of the Offer, and there can be no assurance that the Sequoia nominee director shall act in the best interests of all shareholders at all times.

51. We may not be able to pay dividends in the future.

We have not paid any dividends to our equity shareholders in the past. There can be no assurance that we will pay any dividends in the future and, if we do, as to the level of such future dividends. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. The declaration, payment and amount of any future dividends is subject to the discretion of our Board, and will depend upon various factors, inter alia, our earnings, financial position, capital expenditures and availability of profits, restrictive covenants in our financing arrangements and other prevailing regulatory conditions from time to time. Any of these factors may thus restrict our ability to pay dividends in the future.

52. Our Company has experienced negative cash flows from operating activities in the past, details of which are given below. Sustained negative cash flow could impact our growth and business.

We have experienced negative cash flows from operating activities in all of the preceding three Fiscals and for the six month period ended September 30, 2019 as set forth below:

(₹ in million)

Particulars	Fiscal			
	2017	2018	2019	Six months ended September 30, 2019
Net cash generated from / (used in) operating activities	294.80	113.04	131.72	(95.37)
Net cash used in investing activities	(47.34)	(61.49)	(68.11)	(121.53)
Net cash used in financing activities	(246.15)	(52.97)	217.63	(7.32)
Net (decrease) / increase in cash & cash equivalents	1.31	(1.42)	281.24	(224.22)

Cash flows of a company are a key indicator to show the extent of cash generated from the operations of a company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 164 and 225, respectively.

53. Our Company has recorded negative profits, negative Net Worth and negative EPS, in the past.

During the last three Fiscals, there have been certain instances when the profits, net worth and EPS of our Company have been in the negative:

(₹ in million)

Fiscal	Restated profit/ (loss) for the period/ year	Net Worth	EPS
Six month period ended September 30 2019	43.89	(590.29)	1.77
2019	7.36	(639.46)	0.33
2018	(120.18)	(1,801.02)	(6.35)
2017	(185.03)	(1,684.01)	(9.78)

Profits, Net Worth and EPS are parameters used for the determination of the financial wellbeing of a company, and we cannot assure you that we will not experience negative profits, negative Net Worth and/ or negative EPS in the future, which may have an adverse impact on the trading price of our Equity Shares post-listing.

54. *Depreciation of the Rupee against foreign currencies may have a material adverse effect on our results of operations and currency exchange rate fluctuations may affect the value of the Equity Shares.*

We are exposed to foreign exchange risks by virtue of being an exporter of our products and by maintaining overseas marketing and distribution. During Fiscals 2017, 2018, 2019 and for the six month period ended September 30, 2019 export sales accounted for 6.15%, 5.57%, 8.67% and 6.68% of our revenue from operations, respectively. While the Company selectively hedges its foreign exchange exposure, based on currency movements, we do not have a policy of hedging any foreign currency exposure, and given the expansion of our export business and our international production and distribution interests, we may not be able to fully hedge our exposure on suitable terms or adequately predict the necessary level of hedging. For instance, for Fiscal 2019, we source products contributing 31.40% of our total revenues from China, pursuant to USD transactions, and any depreciation in the value of the Indian Rupee will impact our input cost. Further, the hedged and unhedged foreign exchange exposure as of the six month period ended September 30, 2019 is ₹141.66 million and ₹536.27 million, respectively.

The exchange rate between the Indian Rupee and the U.S. dollar has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the U.S. dollar and the Indian Rupee may affect the value of your investment in the Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to the U.S. dollar, each of the following values will also be affected:

- the U.S. dollar equivalent of the Indian Rupee trading price of the Equity Shares in India;
- the U.S. dollar equivalent of the proceeds that you would receive upon the sale in India of any of the Equity Shares; and
- the U.S. dollar equivalent of cash dividends, if any, on the Equity Shares, which will be paid only in Indian Rupees.

You may be unable to convert Indian Rupee proceeds into foreign currencies or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Indian Rupee, if non-Indian investors analyse our value based on the foreign currency equivalent of our financial condition and results of operations.

55. *Our total debt to equity ratio as of September 30, 2019 (on a fully diluted basis) was 1.05.*

Our debt to equity ratio as of September 30, 2019 (on a fully diluted basis) was 1.05. The total debt to equity ratio is an indicator of the extent of financial leverage of a company. Depending on our working capital requirements, which are usually high in the retail industry in order to maintain inventory levels, and any unforeseen future capital requirements, our Company may avail additional financial assistance which may impact our total debt to equity ratio, which may also have an impact on the trading price of our Equity Shares post-listing.

56. *Substantially all of our property and assets are subject to security interests. Further, the manufacture of our products is also undertaken at other third party premises, which may be subject to security interests.*

Substantially all of our property and assets are subject to mortgage or other security interests to secure our payment obligations to our lenders. If we fail to satisfy our debt service obligations as they become due, the lenders could exercise their creditors' rights, including foreclosing our property and assets subject to mortgage and other security interests. If this occurs, we would not be able to continue to utilize the property and assets subject to foreclosure and our operations would be disrupted during such foreclosure. If we are unable to source funds to repay such indebtedness within the time period specified by the creditors, the creditors could sell our property and assets to third parties. We may not be able to repurchase or locate alternative property and assets at commercially reasonable terms, or at all, to continue our operations.

Further, the manufacture of our traded products is undertaken by third parties at their premises, which may be subject to adverse security interests or encumbrances which we may not be aware of. In the event that there is an enforcement of security interests associated with the properties of manufacturers from whom we source our traded products, the manufacture of our products at such premises may be disrupted, causing a material adverse impact on our business, financial condition and results of operations.

57. *Increased environmental regulation and changing consumer environmental awareness could affect our operations.*

Manufacturing enterprises in India, including us, are subject to central and state environmental related laws and regulations. Our operations are also subject to significant environmental regulations, especially applicable to every state in which we operate. Actions by central, state or local governments in India concerning environmental matters could result in laws or regulations that could increase the cost of producing the products manufactured by us or otherwise adversely affect demand for our products. We must comply with environmental regulations relevant to our operations such as, among others, waste disposal, soil groundwater contamination and air emissions. Presently, a

criminal proceeding, initiated by KSPCB, is pending against our Company and our Promoter, Rajendra Gandhi for alleged violations of environmental laws. For further details in relation to the said notices see “*Outstanding Litigation and Material Developments*” on page 244.

In addition, certain governmental authorities may adopt ordinances prohibiting or restricting the use or disposal of certain products that are among the types of products produced by us. If such prohibitions or restrictions were to be widely adopted, such regulatory and environmental measures could adversely affect demand for our products, impose additional compliance costs on us and have a material adverse effect upon us. Moreover, there can be no assurance that we will be able to maintain our environmental licenses and permits in order to be able to continue our operations. If any of our facilities are shut down pursuant to any judicial or executive order from any judicial, regulatory or governmental body, we will need to incur costs arising from compliance with regulations, appealing decisions affecting those facilities, resuming production and continuing to pay labour and other costs. Additionally, a decline in consumer preference for our products due to environmental considerations could have a material adverse effect upon our business. We could, therefore, be materially adversely affected by existing environmental requirements.

EXTERNAL RISK FACTORS

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

Our business and financial performance could be adversely affected by unfavourable changes in, or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business. Please see the section “*Regulations and Policies*” on page 133.

The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, conditions, costs and expenditures on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any changes to such laws, including the instances briefly mentioned below, may adversely affect our business, financial condition, results of operations and prospects:

- The Government of India has implemented a comprehensive national GST regime with effect from July 1, 2017 that will combine taxes and levies by the Central and State Governments into a unified rate structure. The implementation of this new structure may be affected by any disagreement between certain state governments, which could create uncertainty. Any such future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.
- The General Anti Avoidance Rules (“GAAR”) were notified by way of an amendment to the Income Tax Act, 1961, and came into effect from April 1, 2017. While the intent of this legislation is to prevent business arrangements set up with the intent to avoid tax incidence under the Income Tax Act, 1961, certain exemptions have been notified, viz., (i) arrangements where the tax benefit to all parties under an arrangement is less than ₹30 million, (ii) where FIIs have not taken benefit of a double tax avoidance tax treaty under Section 90 or 90A of the Income Tax Act, 1961 and have invested in listed or unlisted securities with SEBI approval, (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII. Further, investments made up to March 31, 2017 shall not be subject to GAAR provided that GAAR may apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2017, irrespective of the date on which such arrangement was entered into.
- The Government of India has announced the interim union budget for the Fiscal 2020. Further, the Finance Act, 2019 (the “**Finance Act**”) has made various amendments. The Finance Act stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. Further, the Government of India has also announced the union budget for Fiscal 2020, pursuant to which the Finance (No. 2) Bill, 2019 proposes to introduce various amendments

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or

indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

59. *Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on our business, results of operations, cash flows and financial condition.*

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business. In Fiscal 2011, Indian government agencies initiated proceedings against certain financial institutions, alleging bribery in the loans and investment approval process, which impacted market sentiment. Similar developments in the future could negatively impact confidence in the financial sector and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

60. *We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.*

The Competition Act, 2002, of India, as amended (“**Competition Act**”) regulates, *inter alia*, practices having an appreciable adverse effect on competition in the relevant market in India (“**AAEC**”). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (“**Merger Control**”) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the “**CCI**”). Additionally, on May 11, 2011, the CCI notified Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the Merger Control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

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

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. Listing and trading does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process which will be based on numerous factors, 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 and liquidity for the Equity Shares may be subject to significant fluctuations and may also decline below the Offer Price in response to, among other factors:

- volatility in the Indian and other global securities markets;
- problems such as temporary closure, broker default and settlement delays experienced by the Indian Stock Exchanges;

- the performance and volatility of the Indian and global economy;
- financial instability in emerging markets that may lead to loss of investor confidence;
- risks relating to our business and industry, including those discussed in this Draft Red Herring Prospectus;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with our Equity Shares and our future performance;
- adverse media reports about us, our Shareholders, Associate Company or our Group Company;
- future sales of our Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- our future expansion plans;
- perceptions about our future performance or the performance of the retail industry generally;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly as a result of market volatility. A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment. There can be no assurances that Bidders who are Allotted Equity Shares through the Offer will be able to resell their Equity Shares at or above the Offer Price.

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

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their Bids.

63. *You may not be able to immediately sell any of the Equity Shares you subscribe to in this Offer on an Indian stock exchange.*

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares in this Offer have been Allotted and submission of all other relevant documents authorising the issuing of the Equity Shares. There could be failure or delays in listing the Equity Shares on the Stock Exchanges.

Further, pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and commence trading. Investors' "demat" accounts with Depository Participants are expected to be credited within three Working Days of the date on which the Basis of Allotment is finalized with the Designated Stock Exchange. Thereafter, upon receipt of listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six Working Days from Bid/ Offer Closing Date.

We cannot assure you that the Equity Shares will be credited to the investors' demat account, or that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of the Equity Shares.

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

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing

ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

65. *Any future issuance of Equity Shares may dilute your shareholdings, and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.*

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of this Offer, including by SCI and SCI-GIH (whose post-Offer shareholding is exempt from statutory lock-in on account of being a foreign venture capital investor) or our Promoter or other major shareholders, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could materially impair our future ability to raise capital through offerings of our Equity Shares. Our Promoters currently holds an aggregate of 74.62% of our outstanding Equity Shares. After the completion of the Offer, our Promoters will continue to hold a significant portion of our outstanding Equity Shares. We cannot predict what effect, if any, market sales of our Equity Shares held by our Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

66. *It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.*

Our Company is incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India. Further, certain of our assets, and the assets of our executive officers and directors, may be located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Further, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

67. *Any adverse change in India's sovereign credit rating by an international rating agency could adversely affect our business, results of operations and cash flows.*

In November 2016, Standard & Poor's, an international rating agency, reiterated its negative outlook on India's credit rating. It identified India's high fiscal deficit and heavy debt burden as the most significant constraints on its rating, and recommended the implementation of reforms and containment of deficits. Standard & Poor's affirmed its outlook on India's sovereign debt rating to "stable", while reaffirming its "BBB-" rating. In May 2017, Fitch, another international rating agency, affirmed India's sovereign outlook to "stable" and affirmed its rating as "BBB-". While in November 2017 Moody's Investors Service ("**Moody**") upgraded the Sovereign Credit Rating of India to Baa2 from Baa3, upgraded the Government of India's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to stable from positive, going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our business.

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

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

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

69. *Our Company is subject to a new revenue recognition standard, Ind AS 115, effective April 1, 2018*

On March 28, 2018, the Ministry of Company Affairs ("MCA") has notified that Ind AS 115 will be effective for accounting periods beginning on or after April 1, 2018. Ind AS 115 introduces a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under Ind AS. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. Our Company is evaluating the application of Ind AS 115, and there is no assurance that the application of Ind AS 115 will not materially affect our business, financial condition, results of operations and cash flows.

70. *Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.*

The Restated Financial Statements as of and for Fiscals 2019, 2018, 2017 and for the six month period ended September 30, 2019 included in this Draft Red Herring Prospectus have been prepared under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, we have presented reconciliation from Indian GAAP to Ind AS. Please refer to "Financial Statements" on page 164. Except as otherwise provided in the "Financial Statements" with respect to Indian GAAP, no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

In addition, our Restated Financial Statements may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

71. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect our financial condition.*

A decline or future material decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our borrowing rates and future financial performance.

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

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

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

Under the Income Tax Act, 1961, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India except any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. Further, in accordance with the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations. Further, our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect the Company's business, financial condition and results of operations.

74. *Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.*

Foreign ownership of Indian securities is subject to government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet certain requirements specified by the RBI. Additionally, any person who seeks to convert the Rupee proceeds from any such sale into foreign currency and repatriate that foreign currency from India is required to obtain a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

75. *A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.*

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI or in the alternate, the pricing is in compliance with the extant provisions of the SEBI ICDR Regulations. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls 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 or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

77. *Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.*

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

78. *Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy.*

Certain events that are beyond the control of our Company, such as violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected.

Investors may contact any of the Book Running Lead Managers, who have submitted due diligence certificate to SEBI, for any complaints, information or clarification pertaining to the Offer. For further information regarding grievances in relation to the Offer, see “General Information” on page 51.

SECTION III: INTRODUCTION

THE OFFER

The following table summarises the Offer details:

Equity Shares Offered	
Offer of Equity Shares	Up to [●] Equity Shares, aggregating up to ₹[●] million
<i>of which</i>	
Fresh Issue ⁽¹⁾	Up to [●] Equity Shares, aggregating up to ₹1,450.00 million
Offer for Sale ⁽²⁾	Up to 7,163,721 Equity Shares, aggregating up to ₹ [●] million
The Offer consists of:	
A) QIB Portion ⁽³⁾⁽⁴⁾	Not less than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion	Not more than [●] Equity Shares
QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Mutual Fund Portion (5% of the QIB Portion)	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	[●] Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	
	See “ <i>Objects of the Offer</i> ” on page 70 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale

Allocation to bidders in all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis. The allocation to each Retail individual Bidder shall not be less than minimum Bid Lot, subject to availability of shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see “*Offer Procedure - Basis of Allotment*” on page 281.

- (1) The Fresh Issue has been authorized by a resolution of our Board of Directors dated January 23, 2020 and a special resolution of our Shareholders at the EGM held on January 24, 2020.
- (2) The Offer for Sale has been authorised by the Selling Shareholders as follows:

Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Date of consent/authorisation/resolution
SCI	4,961,610	January 10, 2020
SCI-GIH	1,311,205	January 10, 2020
Rajendra Gandhi	640,906	January 27, 2020
Sunita Rajendra Gandhi	250,000	January 27, 2020

Each Selling Shareholder severally and not jointly confirms that their respective portion of the Offered Shares, have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, and that such Offered Shares are eligible for being offered for sale in the Offer as required by Regulation 8 of the SEBI ICDR Regulations.

- (3) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds only at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. For details, see “*Offer Procedure*” on page 270.
- (4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, Equity Shares offered pursuant to the Offer for Sale shall be allocated prior to Equity Shares offered pursuant to the Fresh Issue. For further details, see “*Offer Structure*” on page 266.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements. The Restated Financial Statements have been prepared, based on financial statements for the six month period ended September 30, 2019 and for Fiscals 2019, 2018 and 2017. The Restated Financial Statements have been prepared in accordance with the Companies Act, Ind AS and restated in accordance with the SEBI ICDR Regulations.

The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 164 and 225, respectively.

RESTATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at six month period ended September, 2019	(₹ in million)		
		As at March 31,		
		2019	2018	2017 (Proforma)
Non-current assets				
Property, plant and equipment	1,814.64	1,787.16	1,821.45	1,877.45
Right-of-use assets	31.72	-	-	-
Capital work-in-progress	2.77	9.48	6.08	0.86
Intangible assets	3.92	4.71	6.32	7.93
Intangible assets under development	15.39	7.82	-	-
Financial assets				
Investments	-	-	-	-
Other financial assets	51.35	50.96	38.01	30.88
Non-current tax asset (net)	2.39	46.57	47.14	47.64
Deferred tax assets	-	-	-	-
Other non-current assets	13.61	13.66	30.92	13.08
Total non-current assets	1,935.79	1,920.36	1,949.92	1,977.84
Current assets				
Inventories	1,284.64	974.14	1,051.38	726.27
Financial assets				
Trade receivables	1,428.15	896.56	795.52	592.84
Cash and cash equivalents	61.02	285.24	4.00	5.42
Bank balances other than cash and cash equivalents as above	40.70	29.55	33.81	31.25
Loans	3.26	4.52	0.27	70.30
Other financial assets	12.90	19.12	10.79	11.19
Other current assets	168.31	127.77	90.73	93.76
Total current assets	2,998.98	2,336.90	1,986.50	1,531.03
Total assets	4,934.77	4,257.26	3,936.42	3,508.87
EQUITY AND LIABILITIES				
Equity				
Equity share capital	247.17	247.17	189.00	189.00
Other equity	(837.46)	(886.63)	(1,990.02)	(1,873.01)
Equity attributable to owners of the Company	(590.29)	(639.46)	(1,801.02)	(1,684.01)
Non-controlling interests	2.24	2.17	2.14	2.54
Total equity	(588.05)	(637.29)	(1,798.88)	(1,681.47)
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2,061.75	2,100.26	3,113.05	2,867.47
Lease liabilities	19.39	-	-	-
Other financial liabilities	90.87	96.01	148.27	169.04
Deferred tax liability	-	-	-	-
Provisions	52.88	46.12	34.14	30.70
Total non-current liabilities	2,224.89	2,242.39	3,295.46	3,067.21
Current liabilities				
Financial liabilities				
Borrowings	1,114.06	999.44	809.58	781.19
Lease liabilities	12.70	-	-	-
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	70.97	59.87	40.28	8.09
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,776.31	1,281.14	1,411.32	1,074.31

			(₹ in million)	
Particulars	As at six month period ended September, 2019	As at March 31,		
		2019	2018	2017 (Proforma)
Other financial liabilities	232.83	237.66	110.21	97.47
Provisions	15.44	15.02	16.07	77.88
Other current liabilities	66.87	53.92	52.24	78.09
Current tax liabilities (net)	8.75	5.11	0.14	6.10
Total current liabilities	3,297.93	2,652.16	2,439.84	2,123.13
Total liabilities	5,522.82	4,894.55	5,735.30	5,190.34
Total equity and liabilities	4,934.77	4,257.26	3,936.42	3,508.87

RESTATED STATEMENT OF PROFIT AND LOSS

(₹ in million)

Particulars	As at the six month period ended September 30, 2019	For the year ended March 31,		
		2019	2018	2017 (Proforma)
Income				
Revenue from operations	3,155.07	6,409.38	5,289.52	5,150.33
Other income	19.26	16.60	56.33	29.21
Total Income	3,174.33	6,425.98	5,345.85	5,179.54
Expenses				
Cost of materials consumed	1,526.30	3,175.40	2,411.19	2,669.69
Purchase of stock in trade	722.39	1,326.00	1,203.26	833.73
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(196.72)	(114.78)	(78.96)	(117.43)
Excise duty	-	-	53.33	215.49
Employee benefits expenses	393.32	697.95	590.87	516.25
Finance cost	101.43	179.20	169.35	150.05
Depreciation & amortization expenses	57.85	123.38	112.25	110.68
Other expenses	522.23	1,026.59	1,010.11	983.33
Total expenses	3,126.80	6,413.74	5,471.40	5,361.79
Restated Profit/(Loss) before exceptional items and tax	47.53	12.24	(125.55)	(182.25)
Exceptional items	-	-	-	-
Restated Profit/(Loss) before tax	47.53	12.24	(125.55)	(182.25)
Tax expense / (benefit):				
Current tax expense	3.64	4.60	-	-
Current tax expense relating to prior year	-	0.28	(5.37)	2.78
Deferred tax	-	-	-	-
Net tax expense / (benefit)	3.64	4.88	(5.37)	2.78
Restated Profit/(Loss) for the period / year	43.89	7.36	(120.18)	(185.03)
Other Comprehensive Income				
Items that will not be reclassified to Profit or Loss				
Remeasurements of the defined benefit Plans - Gains / (losses)	(1.68)	1.64	1.75	1.32
Items that will not be reclassified to Profit or Loss (net of tax)	(1.68)	1.64	1.75	1.32
Items that will be reclassified to Profit or Loss				
Fair value changes on cash flow hedges	-	0.05	1.24	-
Items that will be reclassified to Profit or Loss (net of tax)	-	0.05	1.24	-
Total other comprehensive income for the period / year	(1.68)	1.69	2.99	1.32
Total restated comprehensive income for the period / year	42.21	9.05	(117.19)	(183.71)
Restated profit/(loss) for the period / year attributable to:				
Owners of the Company	43.82	7.33	(120.00)	(184.81)
Non controlling interests	0.07	0.03	(0.18)	(0.22)
Total	43.89	7.36	(120.18)	(185.03)
Other restated comprehensive income for the period / year attributable to:				
Owners of the Company	(1.68)	1.69	2.99	1.32
Non controlling interests	-	-	-	-
Total	(1.68)	1.69	2.99	1.32
Total restated comprehensive income for the period / year attributable to:				
Owners of the Company	42.14	9.02	(117.01)	(183.49)
Non controlling interests	0.07	0.03	(0.18)	(0.22)
Total	42.21	9.05	(117.19)	(183.71)
Earnings per share				
Basic (Face value of ₹10 each)	1.77	0.33	(6.35)	(9.78)
Diluted (Face value of ₹10 each)	1.77	0.33	(6.35)	(9.78)

RESTATED STATEMENT OF CASH FLOWS

(₹ in million)				
Particulars	As at six month period ended September 30, 2019	As at March 31,		
		2019	2018	2017 (Proforma)
Cash flow from operating activities				
Restated Profit / (Loss) before tax	47.53	12.24	(125.55)	(182.25)
Adjustments for :				
Depreciation and Amortization Expense	57.85	123.38	112.25	110.68
Provision for doubtful trade and other receivables, loans and advances and bad debts written off (net)	27.44	22.07	59.65	4.89
Liability no more required written back	(0.76)	(12.36)	(41.85)	(9.55)
Provision for Warranty	-	-	9.06	5.56
Interest on deposit with bank	(1.22)	(1.66)	(1.80)	(2.65)
Government grant (EPCG Scheme)	-	-	(2.52)	-
(Profit) / loss on fair valuation of derivative instruments	(1.16)	4.03	(1.33)	2.73
Fair valuation of Compulsorily Convertible Debentures	-	-	153.80	205.20
(Profit) / loss on sale of property, plant and equipment	(0.26)	(0.13)	1.02	(1.46)
Finance cost	84.46	179.20	152.89	134.67
Unrealised exchange difference on lease liabilities	(0.20)	-	-	-
Employees share option cost recorded on grants	7.03	-	-	-
Unrealized exchange difference on foreign currency transactions and translations (net)	(0.05)	(7.82)	2.98	(5.07)
Operating cash profit before changes in working capital	220.66	318.95	318.60	262.75
Changes in working capital				
Adjustment for (increase)/ decrease in operating assets :				
Other financial assets	7.86	(16.88)	43.79	(0.33)
Inventories	(310.50)	77.24	(325.11)	(27.37)
Trade receivables	(559.04)	(123.50)	(247.93)	(103.03)
Other assets	(14.25)	(24.62)	(12.47)	(61.03)
Adjustment for increase/ (decrease) in operating liabilities:				
Other financial liabilities	(10.12)	(22.39)	18.35	59.64
Trade payables	507.39	(92.04)	343.34	201.30
Other current liabilities	12.95	1.68	(25.85)	(23.72)
Provisions	5.50	12.62	0.41	(0.30)
Cash generated from/(used in) operations	(139.55)	131.06	113.13	307.91
Net income taxes (paid) / refund received	44.18	0.66	(0.09)	(13.11)
Net cash generated from/(used in) operating activities (A)	(95.37)	131.72	113.04	294.80
Cash flows from investing activities				
Capital expenditure on property, plant and equipments (including capital advance)	(111.15)	(74.43)	(63.18)	(70.95)
Proceeds from sale of Property, Plant and Equipments	0.34	0.13	2.32	2.61
Interest received on bank deposits	0.43	1.93	1.93	3.08
Movement of margin money deposit with banks (net)	(11.15)	4.26	(2.56)	17.92
Net cash generated from/(used in) investing activities (B)	(121.53)	(68.11)	(61.49)	(47.34)
Cash flows from Financing activities				
Proceeds from long term borrowings	123.56	250.00	125.00	-
Repayment of long term borrowings	(158.08)	(38.76)	(56.56)	(51.73)
Proceeds/(repayment) from short term borrowings (net)	114.33	191.87	26.76	(69.48)
Payment of lease liabilities	(3.45)	-	-	-
Finance cost	(83.68)	(185.48)	(148.17)	(124.94)

(₹ in million)				
Particulars	As at six month period ended September 30, 2019	As at March 31,		
		2019	2018	2017 (Proforma)
Net cash generated from / (used in) financing activities (C)	(7.32)	217.63	(52.97)	(246.15)
Net Increase/ (decrease) in cash & cash equivalents (A+B+C)	(224.22)	281.24	(1.42)	1.31
Cash and cash equivalents at beginning of the year	285.24	4.00	5.42	4.11
Cash and cash equivalents at the end of the year*	61.02	285.24	4.00	5.42
*comprises				
(a) cash on hand	0.58	0.55	0.82	0.46
(b) Balances with banks:				
in current accounts	60.44	89.69	3.18	4.96
in fixed deposits	-	195.00	-	-
Total	61.02	285.24	4.00	5.42

GENERAL INFORMATION

Our Company was incorporated as Stove Kraft Private Limited on June 28, 1999 with a certificate of incorporation issued by the RoC as a private limited company under the Companies Act, 1956. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM on May 28, 2018, and the name of our Company was changed from Stove Kraft Private Limited to Stove Kraft Limited and a fresh certificate of incorporation consequent upon change of name was issued to our Company by the RoC on August 13, 2018.

Registered and Corporate Office

Stove Kraft Limited

81/1, Medamarana Halli Village
Harohalli Hobli, Kanakapura Taluk
Ramanagar District 562 112
Karnataka, India
Corporate Identity Number: U29301KA1999PLC025387
Registration number: 025387

For details in relation to changes in the Registered Office, see “*History and Certain Corporate Matters*” on page 137.

Address of the RoC

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

Registrar of Companies

“E” Wing, 2nd Floor
Kendriya Sadana
Koramangala
Bengaluru 560 034
Karnataka, India

Board of Directors

Our Board comprises the following:

Name	Designation	DIN	Address
Rajendra Gandhi	Managing Director	01646143	203, Olympus 1, Prestige Acropolis, No. 20, Hosur Road, Bengaluru 560 029, Karnataka, India
Bharat Singh	Nominee Director	08222884	723, Ranka Heights, Domlur Layout, 7 th cross, Bengaluru, 560 071, Karnataka, India
Neha Gandhi	Executive Director	07623685	203, Olympus 1, Prestige Acropolis, Hosur Road, Koramangala, Bengaluru, 560 029, Karnataka, India
Rajiv Mehta Nitinbhai	Whole Time Director (designated as CEO)	00697109	Flat no. 7 & 8, Aquaforte Apt, No - 12 Kensington Road, Halasuru, Bengaluru, 560 042, Karnataka, India
Lakshmikant Gupta	Chairman and Independent Director	07637212	A-202, The Icon DLF Phase V, Gurgaon, 122 009, Haryana, India
Shubha Rao Mayya	Independent Director	08193276	No.60/45, 6th Cross, Cambridge Layout, Ulsoor, Bengaluru 560 008, Karnataka, India

For further details of our Directors, see “*Our Management*” on page 143.

Chief Financial Officer, Company Secretary and Compliance Officer

Shashidhar SK
81/1, Medamarana Halli Village
Harohalli Hobli, Kanakapura Taluk
Ramanagar District 562 112, Karnataka
Tel: +91 80 280 16284
E-mail: shashidhar.sk@stovekraft.com

Book Running Lead Managers

Book Running Lead Managers	
Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra, India	JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai - 400 025 Maharashtra, India

Tel: + 91 22 4009 4400 E-mail: skl ipo@edelweissfin.com Investor grievance e-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Disha Doshi/ Amitkumar Singh SEBI Registration No.: INM0000010650	Tel: +91 22 6630 3030 E-mail: skl ipo@jmfl.com Investor grievance email: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361
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Syndicate Members

[•]

Indian Legal Counsel to our Company

Cyril Amarchand Mangaldas

3rd floor Prestige Falcon Tower
 Brunton Road, Craig Park Lay out
 Bengaluru 560 025
 Karnataka, India
 Tel: +91 80 2558 4870

Legal Counsel to the BRLMs as to Indian Law

L&L Partners*

1st & 9th Floor, Ashoka Estate
 Barakhamba Road
 New Delhi 110 001, India
 Tel: +91 11 4121 5100

** Formerly known as Luthra & Luthra Law Offices*

Legal Counsel to the Investor Selling Shareholders as to Indian Law

AZB & Partners

Plot No. A-8, Sector 4
 Noida 201301
 National Capital Region Delhi
 Tel: + 91 120 417 9999

Special International Legal Counsel to the BRLMs

Duane Morris & Selvam LLP

16 Collyer Quay, Floor 17
 Singapore 049318
 Tel: +65 6311 0030

Statutory Auditors to our Company

Deloitte Haskins & Sells

19th Floor, 46 - Prestige Trade Tower
 Palace Road, High Grounds
 Bengaluru 560 001, Karnataka, India
 Tel: +91 80 6188 6000
 E-mail: ssundaresan@deloitte.com
 Firm Registration No.008072S
 Peer review no: 008781

Registrar to the Offer

KFin Technologies Private Limited

Selenium, Tower B
 Plot No. 31-32, Financial District
 Nanakramguda, Serilingampally
 Hyderabad Rangareddi 500 032
 Telangana, India
 Tel: +91 40 6716 2222
 E-mail: stovekraft.ipo@kfintech.com
 Investor grievance e-mail: einward.ris@kfintech.com
 Website: www.kfintech.com
 Contact Person: M. Murali Krishna
 SEBI Registration No.: INR000000221

[•]

Bankers to our Company**Standard Chartered Bank**

#112, “Serenity”
Koramangala Industrial Area
5th Block, Koramangala
Bangalore 560 095
Tel: +91 80 6707 9462/ 6707 9461
Email: sameepa.bahera@sc.com/ parmeshwar.sharma@sc.com
Contact Person: Sameepa Bahera/ Parmeshwar Sharma
Website: www.sc.com/in

ICICI Bank Limited

1, Commissariat Road
Ground Floor
Bengaluru – 560 025
Karnataka, India
Tel : +91 8971806272
Email : gopichand.p@icicibank.com
Contact Person : Gopichand Rao P
Website : www.icicibank.com

Designated Intermediaries**Self Certified Syndicate Banks**

The banks registered with SEBI, which offer the facility of ASBA services (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at <https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> or such other website prescribed by SEBI as updated from time to time.

Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.

Syndicate SCSB Branches

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

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms from Bidders (other than RIBs), including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms from Bidders (other than RIBs) at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms from Bidders (other than RIBs) at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

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

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins & Sells, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “Expert” as required under Section 26(5) of

the Companies Act, 2013 read with the SEBI ICDR Regulations and as defined under Section 2(38) of the Companies Act, 2013, in respect of the examination reports of the Statutory Auditors on the Restated Financial Statements dated January 31, 2020 and the statement of direct tax benefits dated January 30, 2020 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Our Company has also received written consent from Mishra & Co., Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “Expert” as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations and as defined under Section 2(38) of the Companies Act, 2013, in respect of the statement of indirect tax benefits dated January 30, 2020, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

In relation to our Bengaluru facility, our Company has received written consent from G. Shyam Sunder & Associates dated January 7, 2020, Chartered Engineers to include their names in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act in respect of the certificate dated January 7, 2020 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Further, in relation to our Baddi facility, our Company has received written consent from Parashar & Co dated January 23, 2020, Chartered Engineers to include their names in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act in respect of the certificate dated January 23, 2020 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Pursuant to Regulation 41 of the SEBI ICDR Regulations, [●] will be appointed as the Monitoring Agency for monitoring the utilisation of the Net Proceeds and details thereof shall be updated, prior to the filing of this Draft Red Herring Prospectus with the RoC.

Filing of this Draft Red Herring Prospectus

This Draft Red Herring Prospectus has been filed with the Securities and Exchange Board of India (Southern Regional Office) located at Overseas Towers, 7th Floor, 756-L, Anna Sarai, Chennai – 600 002.

The Red Herring Prospectus and Prospectus, along with the material contracts and documents referred to in the Red Herring Prospectus and Prospectus will be filed with the RoC at the office of the Registrar of Companies located at “E” Wing, 2nd Floor Kendriya Sadana, Koramangala, Bengaluru 560 034, Karnataka, India

Inter-se allocation of Responsibilities

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

S.No.	Activities	Responsibility	Coordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, allocation between primary and secondary, etc.	Edelweiss and JM Financial	Edelweiss
2.	Pre-Issue due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the DRHP, RHP and Prospectus. Ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of RHP, Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities	Edelweiss and JM Financial	Edelweiss
3.	Drafting and approval of statutory advertisements	Edelweiss and JM Financial	Edelweiss
4.	Drafting and approval of other publicity material including non-statutory advertisement, corporate advertisement, brochure, etc. and filing of media compliance report with SEBI	Edelweiss and JM Financial	JM Financial
5.	Appointment of all other intermediaries (e.g. Registrar(s), Printer(s), Monitoring Agency and Banker to the Offer, Advertising agency etc.) including coordinating all agreements to be entered with such parties	Edelweiss and JM Financial	Edelweiss
6.	International Institutional Marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> International Institutional Marketing strategy Finalising the list for division of investors for meetings and Finalizing international road show and investor meeting schedules 	Edelweiss and JM Financial	Edelweiss
7.	Preparation of road show presentation and FAQs	Edelweiss and JM Financial	Edelweiss
8.	Domestic Institutional Marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> Finalising the list for division of investors for meetings Finalizing domestic road show schedules and investor meeting schedules 	Edelweiss and JM Financial	JM Financial
9.	Non-institutional marketing of the Issue which will cover, inter alia, formulating marketing strategies for Non-institutional Investors	Edelweiss and JM Financial	JM Financial
10.	Retail Marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalizing Media and PR strategy Finalizing centres for holding conferences for press and brokers etc. Finalizing collection centres; and Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material 	Edelweiss and JM Financial	Edelweiss
11.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders	Edelweiss and JM Financial	JM Financial
12.	Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading and intimation to stock exchanges for anchor portion etc. and deposit of 1% security deposit	Edelweiss and JM Financial	JM Financial
13.	Post-issue activities, management of escrow accounts, finalization of the basis of allotment based on technical rejections, Basis Advertisement, listing of instruments, demat credit and refunds/ unblocking of funds, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, SCSBs, including responsibility for execution of underwriting arrangements, as applicable	Edelweiss and JM Financial	JM Financial

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Draft Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum bid lot size will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in all editions of [●], all editions of [●] and Bengaluru edition of [●], which are widely circulated English, Hindi and Kannada daily newspapers respectively (Kannada being the regional language of Karnataka where our Registered Office is located) at least two Working Days prior to the Bid/ Offer Opening Date, in accordance with SEBI ICDR Regulations, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company;
- (2) the Selling Shareholders;
- (3) the BRLMs;

- (4) the Syndicate Members;
- (5) the Registrar to the Offer;
- (6) the Escrow Collection Banks;
- (7) the SCSBs;
- (8) the CDPs;
- (9) the RTAs; and
- (10) the Registered Brokers.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. In addition to this, RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process

In accordance with the SEBI ICDR Regulations, QIBs (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see “Offer Structure” and “Offer Procedure” on page 266 and page 270, respectively.

Our Company will comply with the SEBI ICDR Regulations, and any other directions issued by SEBI in relation to this Offer. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

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

For further details on method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on page 266 and 270 of this Draft Red Herring Prospectus, respectively.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 40 of the SEBI ICDR Regulations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

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

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

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

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

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus is set forth below:

(In ₹, except share data)

		Aggregate value at Face Value	Aggregate value at Offer Price*
A	AUTHORIZED SHARE CAPITAL⁽¹⁾		
	39,999,995 Equity Shares	399,999,950	-
	10 Class A Equity Shares	100	
B	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER PRIOR TO THE CONVERSION OF CCDs AND RECLASSIFICATION OF CLASS A EQUITY SHARES		
	24,716,727 Equity Shares	247,167,270	-
	10 Class A Equity shares	100	
C	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER POST THE CONVERSION OF CCDs AND RECLASSIFICATION OF CLASS A EQUITY SHARES⁽⁴⁾		
	30,446,877 Equity Shares	304,468,770	
D	PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS		
	Offer of up to [●] Equity Shares	[●]	[●]
	<i>of which</i>		
	Fresh Issue of up to [●] Equity Shares ⁽²⁾	[●]	1,450.00 million
	Offer for Sale of up to 7,163,721 Equity Shares ⁽³⁾	71,637,210	[●]
E	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER		
	[●] Equity Shares (assuming full subscription in the Offer)		[●]
F	SECURITIES PREMIUM ACCOUNT		
	Before the Offer ⁽⁴⁾		1,499,017,962.40
	After the Offer*		[●]

* To be finalized upon determination of the Offer Price.

- (1) For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 138.
- (2) The Fresh Issue has been authorized by a resolution of our Board of Directors dated January 23, 2020, and a special resolution of our Shareholders passed at their EGM dated January 24, 2020.
- (3) The Selling Shareholders, severally and not jointly, have authorised their respective participation in the Offer for Sale. For details of authorisations received for the Offer for Sale, see "The Offer" on page 45.
- (4) (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI would be converted to 2,251,484 and 2,280,886 Equity Shares respectively; (ii) 1,197,770 Series B CCDs held by SCI-GIH will be converted to 1,197,770 Equity Shares; and (iii) 5 Class A Equity Shares held by SCI and SCI-GIH, each, will be reclassified to 5 Equity Shares, each, prior to the filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 5(2) of the SEBI ICDR Regulations. Further, the Investor Selling Shareholders severally and not jointly confirm that Equity Shares allotted to them post such conversion would be eligible for being offered for sale in the Offer as required by Regulation 5(2) of the SEBI ICDR Regulations.

Notes to the capital structure

1. Share capital history of our Company

(a) Equity share capital

The history of the Equity share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
June 18, 1999	200	10	10	Cash	Subscription to the MOA ⁽¹⁾	200	2,000
December 27, 1999	69,800	10	10	Cash	Preferential allotment ⁽²⁾	70,000	700,000
March 31, 2003	230,000	10	10	Cash	Preferential allotment ⁽³⁾	300,000	3,000,000
March 31, 2004	100,000	10	100	Cash	Preferential allotment ⁽⁴⁾	400,000	4,000,000
January 7, 2008	1,000,000	10	10	Cash	Preferential allotment ⁽⁵⁾	1,400,000	14,000,000
April 11, 2008	100	10	10	Cash	Preferential allotment ⁽⁶⁾	1,400,100	14,001,000

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
March 31, 2009	3,000,000	10	NA	NA	Bonus issue to the shareholders as on March 31, 2008 out of the reserves of the Company ⁽⁷⁾	4,400,100	44,001,000
March 31, 2009	14,500,000	10	10	Cash	Preferential allotment ⁽⁸⁾	18,900,100	189,001,000
September 23, 2018	4,733,516	10	71.58	Cash	Conversion of CCDs ⁽⁹⁾	23,633,616	236,336,160
September 23, 2018	1,083,111	10	219.21	Cash	Conversion of CCDs ⁽¹⁰⁾	24,716,727	247,167,270
Total	24,716,727						

(1) 100 Equity Shares allotted to Rajendra J. Gandhi, and 100 Equity Shares allotted to Satishchandra Karanth

(2) 34,900 Equity Shares allotted to Rajendra J. Gandhi, 19,900 Equity Shares allotted to Satishchandra Karanth, 10,000 Equity Shares allotted to Nivedita S, and 5,000 Equity Shares allotted to Karmet Engineering Private Limited

(3) 182,500 Equity Shares allotted to Rajendra J. Gandhi and 47,500 Equity Shares allotted to Sunita Gandhi

(4) 100,000 Equity Shares allotted to IN Venkatesh Gowda

(5) 1,000,000 Equity Shares allotted to Rajendra J. Gandhi

(6) 100 Equity Shares allotted to SIDBI Trustee Company Limited A/c SME Growth Fund

(7) 2,823,200 Equity Shares allotted to Rajendra J. Gandhi and 176,800 shares allotted to Sunita Gandhi as bonus issue by capitalisation of securities premium account and profit and loss account.

(8) 14,000,000 Equity Shares allotted to Rajendra J. Gandhi and 500,000 Equity Shares allotted to Atul Jindal

(9) 4,733,516 Equity Shares allotted to SCI on conversion of 5,489,147 Series A CCDs

(10) 1,083,111 Equity Shares allotted to SCI-GIH on conversion of 1,083,111 Series B CCDs

(b) **Class A Equity Share capital**

The following is the history of the Class A Equity Share capital of our Company:

Date of allotment	No. of Class A Equity Shares allotted	Face value per Class A Equity Shares (₹)	Issue price per Class A Equity Shares (₹)	Nature of consideration	Nature of allotment	Cumulative number of Class A Equity Shares	Cumulative paid-up Class A Equity Share capital (₹)
March 23, 2010	5	10	61.73	Cash	Preferential allotment ⁽¹⁾	5	50
September 30, 2013	5	10	219.21	Cash	Preferential allotment ⁽²⁾	10	100

(1) 5 Class A Equity Shares, were allotted to SCI

(2) 5 Class A Equity Shares, were allotted to SCI-GIH

*As on date of this Draft Red Herring Prospectus, there are 5 Class A Equity Shares held by SCI and 5 Class A Equity Shares held by SCI-GIH, which will be re-classified as 5 Equity Shares each prior to filing of the Red Herring Prospectus with the RoC. In terms of the Series A Investment Agreement, until conversion of all the CCD into Equity Shares, the voting rights of SCI and SCI-GIH in relation to the Class A Equity Shares shall be equal to its shareholding, other than the differential voting rights as provided in the Articles of Associations, the Class A Equity Shares shall rank pari passu with the Equity Shares of the Company in all other aspects. For further details, please see "History and Certain Corporate Matters" on page 137 of this Draft Red Herring Prospectus.

(c) **Compulsorily Convertible Debentures**

The following is the history of the Series A and Series B CCDs of our Company:

Date of allotment of CCDs	Name of the allottee	Nature/reason for allotment	Number of CCDs allotted	Issue price (₹)	Conversion price (₹)
SERIES A					
March 23, 2010	SCI	Preferential allotment	8,100,045	61.73	61.73
SERIES B					
September 30, 2013	SCI	Preferential allotment	1,140,443	219.21	219.21
September 30, 2013	SCI-GIH	Preferential allotment	1,140,438	219.21	219.21
February 21, 2014	SCI	Preferential allotment	1,140,443	219.21	219.21
February 21, 2014	SCI-GIH	Preferential allotment	1,140,443	219.21	219.21

*(i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI would be converted to 2,251,484 and 2,280,886 Equity Shares respectively; and (ii) 1,197,770 Series B CCDs held by SCI-GIH will be converted to 1,197,770 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

2. Issue of Equity Shares for consideration other than cash or bonus or out of revaluation reserves

- (a) Except as disclosed below, our Company has not issued any Equity Shares for consideration other than cash or by way of bonus issuance as of the date of this Draft Red Herring Prospectus

S.No.	Name of the Allottee	Date of Allotment	No. of Equity Shares	Issue Price (₹)	Any benefits accrued to our Company	Reason
1.	Rajendra Gandhi	March 31, 2009	2,823,200	NA	-	Bonus issue
2.	Sunita Rajendra Gandhi	March 31, 2009	176,800	NA	-	Bonus issue

3. History of the equity share capital held by our Promoters

As of the date of this Draft Red Herring Prospectus, our Promoters hold 18,443,919 Equity Shares constituting 74.62% of the issued, subscribed and paid-up Equity Share capital of our Company.

- (a) **Build-up of our Promoters shareholding in our Company:**

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition/ Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital*	Percentage (%) of post- Offer Equity Share Capital
Rajendra Gandhi							
June 18, 1999	100	10	10	Cash	Subscription to the MOA	0.00	[●]
December 27, 1999	34,900	10	10	Cash	Preferential allotment	0.14	[●]
March 31, 2003	182,500	10	10	Cash	Preferential allotment	0.74	[●]
March 26, 2006	100,000	10	10	Cash	Transfer of Equity Shares from Venkatesh Gowda	0.40	[●]
January 7, 2008	1,000,000	10	10	Cash	Preferential allotment	4.05	[●]
March 31, 2009	14,000,000	10	10	Cash	Preferential allotment	56.64	[●]
March 31, 2009	2,823,200	10	10	NA	Bonus Issuance	11.42	[●]
August 1, 2011	500,000	10	10	Cash	Transfer of Equity Shares from Atul Jain	2.02	[●]
November 11, 2011	(1)	10	10	Cash	Transfer of Equity Shares to Vimal Kumar Jain	0.00	[●]
June 8, 2012	100	10	54.95	Cash	Transfer of Equity Shares from SIDBI Trustee Company Limited A/c SME Growth Fund	0.00	[●]
September 30, 2013	(228,089)	10	219.21	Cash	Transfer of Equity Shares to SCI**	(0.92)	[●]
September 30, 2013	(228,089)	10	219.21	Cash	Transfer of Equity Shares to SCI-GIH [#]	(0.92)	[●]
December 16, 2013	1	10	10	Cash	Transfer of Equity Shares from Sripal Kumar Jain	0.00	[●]

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital*	Percentage (%) of post- Offer Equity Share Capital
September 11, 2018	(1)	10	10	Cash	Transfer to Neha Gandhi	(0.00)	[●]
September 21, 2018	(1)	10	10	Cash	Transfer to Senthil Kumar R.	(0.00)	[●]
September 21, 2018	(1)	10	10	Cash	Transfer to Venkitesh N	(0.00)	[●]
Sub Total (A)	18,184,619					73.57	[●]
Sunita Rajendra Gandhi							
November 10, 2000	20,000	10	10	Cash	Transfer of Equity Shares from Satishchandra Karanath	0.08	[●]
November 10, 2000	10,000	10	10	Cash	Transfer of Equity Shares from Nivedita S.	0.04	[●]
November 10, 2000	5,000	10	10	Cash	Transfer of Equity Shares from M/S Karmet Engineering	0.02	[●]
March 31, 2003	47,500	10	10	Cash	Preferential allotment	0.19	[●]
March 31, 2009	176,800	10	10	NA	Bonus Issuance	0.72	[●]
Sub Total (B)	259,300					1.05	[●]
Total (A)+(B)	18,443,919					74.62	[●]

* (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI would be converted to 2,251,484 Equity Shares and 2,280,886 Equity Shares respectively; and (ii) 1,197,770 Series B CCDs held by SCI-GIH would be converted to 1,197,770 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 5(2) of the SEBI ICDR Regulations. The percentage of pre- Offer Equity Share capital of our Promoters shall be updated accordingly.

** SCI-GIH is a company incorporated in Republic of Mauritius on July 12, 2006 vide registration no. 64032 C1/ GBL and holds a Category 1 Global Business Licence issued by the Financial Services Commission, Republic of Mauritius and has its registered office at 5th Floor, Ebene Esplanade, Cybercity, Ebene, Mauritius – 72201. It has obtained SEBI certificate vide Registration no. IN/ FVCI06-07/54 dated October 16, 2006 for making foreign venture capital investments

SCI is a company incorporated in Republic of Mauritius on March 24, 2009 vide registration no. 087162 C1/ GBL and holding a Category 1 Global Business Licence issued by the Financial Services Commission, Republic of Mauritius, and has its registered office at IFS Court, Twenty Eight, Bank Street, Cybercity, Ebene, Mauritius – 72201. SCI generally invests under Foreign Direct Investment route and has not been issued any license by SEBI

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. None of the Equity Shares held by our Promoters are pledged.

(b) **Build-up of our Selling Shareholders' Shareholding in our Company**

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital*	Percentage (%) of post- Offer Equity Share Capital
SCI							
March 23, 2010	5 Class A Equity Shares	10	61.73	Cash	Preferential allotment	[●]	
September 30, 2013	2,28,089	10	219.21	Cash	Transfer of shares	[●]	
September 23, 2018	4,733,516	-	71.58	-	Conversion of Series A CCDs	[●]	
[●]	[●]	[●]	[●]	[●]	Conversion of Series A CCDs*	[●]	
[●]	[●]	[●]	[●]	[●]	Reclassification of Class A equity shares**	[●]	
SCI-GIH							

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre- Offer Equity Share Capital*	Percentage (%) of post- Offer Equity Share Capital
September 30, 2013	5 Class A Equity Shares	10	219.21	Cash	Transfer of shares	[●]	
September 30, 2013	2,28,089	10	219.21	Cash	Preferential allotment	[●]	
September 23, 2018	1,083,111	-	219.21	-	Conversion of Series B CCDs	[●]	
[●]	[●]	[●]	[●]	[●]	Conversion of Series B CCDs*	[●]	
[●]	[●]	[●]	[●]	[●]	Reclassification of Class A equity shares**	[●]	

* (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI will be converted to 2,251,484 and 2,280,886 Equity Shares respectively; and (ii) 1,197,770 Series B CCDs held by SCI-GIH will be converted to 1,197,770 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 5(2) of the SEBI ICDR Regulations.

**5 Class A Equity Shares held by SCI and SCI-GIH, each, will be reclassified to 5 Equity Shares, each, prior to filing the Red Herring Prospectus with the RoC.

Further, there are no contractual or legal restrictions on the Selling Shareholders in disposing of/offering the shares of our Company.

(c) Details of Promoters' contribution and lock-in:

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of not less than 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoters shall be considered as minimum Promoters contribution and locked-in for a period of three years from the date of Allotment and our Promoters shareholding in excess of 20% shall be locked in for a period of one year from the date of Allotment.

The Equity Shares that are being locked-in for the computation of Promoters' contribution are not and will not be ineligible for computation of minimum Promoters contribution under Regulation 15 of the SEBI ICDR Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not and shall not consist of:

- (i) Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets; or (b) resulting from a bonus issue by utilisation of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares which are ineligible for computation of minimum Promoters' contribution;
- (ii) Equity Shares acquired by our Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Offer.

Further, we confirm that our Company has not been formed by conversion of one or more partnership firms, and hence no Equity Shares have been allotted to our Promoters in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm.

The lock-in of the Promoters' contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

In this regard, our Promoters specifically confirm that the Equity Shares held by our Promoters that are offered as part of the minimum Promoters' contribution are not subject to any pledge or any other encumbrance and that all the Equity Shares held by our Promoters are in dematerialized form. Further, the entire shareholding of our Promoters is held in dematerialised form as on the date of filing this Draft Red Herring Prospectus.

The details of the Equity Shares held by our Promoters and locked-in as minimum Promoter's contribution are given below:

Name of the Promoter	No. of Equity Shares	Date of allotment/ transfer of Equity Shares and when made fully paid-up	Nature of Transaction	Face Value per Equity Share (₹)	Offer/ Acquisition Price per Equity Share (₹)	Percentage (%) to Pre-Offer Paid-up Capital	Percentage (%) to Post-Offer Paid-up Capital
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
TOTAL							

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer equity share capital of our Company as minimum Promoters' contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Equity Shares forming part of the minimum Promoters' contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and has been contributed by the persons defined as a promoter under the SEBI ICDR Regulations.

(d) Details of share capital locked-in for one year:

In terms of the Regulation 17 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of our minimum Promoters' contribution as stated above, the entire pre-Offer equity share capital of our Company will be locked-in for a period of one year from the date of Allotment except the Offered Shares. In terms of Regulation 17(c) of the SEBI ICDR Regulations, Equity Shares held by SCI-GIH as on the date of this Draft Red Herring Prospectus, shall not be subject to lock-in for one year as is applicable to other shareholders of our Company, since SCI-GIH is a FVCI. Any unsubscribed portion of the Offered Shares would also be locked in as required under the SEBI ICDR Regulations. The Equity Shares, if any, allotted to eligible employees (who will continue to be employees of the Company as on the date of the Allotment) under the ESOP Plan shall not be subject to lock-in.

(e) Other requirements in respect of lock-in:

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoter(s) and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a housing finance company, subject to the following:

- (i) With respect to the Equity Shares locked in for one year from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and
- (ii) with respect to the Equity Shares locked in as Promoter's Contribution for three years from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock in period has expired in terms of the SEBI ICDR Regulations.

Further, pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 16 of the SEBI ICDR Regulations, may be transferred to any member of the Promoter Group, or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired.

(f) Lock-in of Equity Shares Allotted to Anchor Investors:

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

4. Details of the Equity Share capital held by the Promoters and members of the Promoter Group in our Company

As of the date of this Draft Red Herring Prospectus, the Promoter and members of the Promoter Group hold 18,443,920 Equity Shares, constituting 74.62% of the issued, subscribed and paid-up Equity Share capital of our Company in the following manner:

Name of the Shareholder	Total Equity Shares	Percentage (%) of Pre-Offer Capital	Percentage (%) of Post-Offer Capital
Promoters			
Rajendra Gandhi	18,184,619	73.57	[●]
Sunita Rajendra Gandhi	259,300	1.05	[●]
Total Holding of the Promoters (A)	18,443,919	74.62	[●]
Promoter Group			
Neha Gandhi	1	Negligible	[●]
Total Holding of the Promoter Group (Other than Promoters) (B)	1	Negligible	[●]
Total Holding of Promoter and Promoter Group (A+B)	18,443,920	74.62	[●]

5. Shareholding Pattern of our Company

The table below presents the pre-Offer shareholding pattern of our Company as on date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	Number 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 (b)	
								Class: Equity Shares	Class: Class A equity shares [#]	Total								
(A)	Promoter and Promoter Group	3	18,443,920	-	-	18,443,920	74.62	-	-	-	-	-	60.58	-	-	-	-	18,443,920
(B)	Public	4	6,272,807	-	-	6,272,807	25.38	-	10**	10**	0.00*	5,730,140***	39.42	-	-	-	-	6,272,807
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by the Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	24,716,727	-	-	24,716,727	100.00						100.00					24,716,727

* less than 0.01%

** As on the date of this Draft Red Herring Prospectus, there are 5 Class A Equity Shares held by SCI and 5 Class A Equity Shares held by SCI-GIH, which will be re-classified as Equity Shares prior to filing of the Red Herring Prospectus with the RoC

*** 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI shall be converted to 2,251,484 Equity Shares and 2,280,886 Equity Shares respectively prior to the filing of the Red Herring Prospectus with the RoC. Further, 1,197,770 Series B CCDs held by SCI-GIH shall be converted to 1,197,770 Equity Shares prior to the filing of the Red Herring Prospectus with the RoC

For details in relation to the voting rights associated with the Class A Equity Shares, see "History and Certain Corporate Matters – Summary of Key Agreements and Shareholders' Agreements" on page 140 and "Descriptions of Equity Shares and Terms of the Articles of Association" on page 284

6. **Details of Equity Shareholding of the Shareholders of our Company**

- (a) The Shareholders holding 1% or more of the paid-up Equity Share capital of the Company, on a fully diluted basis, as on as on date of this Draft Red Herring Prospectus are set forth in the table below:

S. No.	Name of the Shareholder	No. of Equity Shares	(%) of total shareholding	No. of Equity Shares on a fully diluted basis*	(%) on a fully diluted basis*
1.	Rajendra Gandhi	18,184,619	73.57	[●]	[●]
2.	SCI	4,961,605	20.07	[●]	[●]
3.	SCI-GIH	1,311,200	5.30	[●]	[●]
4.	Sunita Rajendra Gandhi	259,300	1.05	[●]	[●]
	Total	24,716,724	100	[●]	[●]

**(i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI will be converted to 2,251,484 and 2,280,886 Equity Shares respectively; (ii) 1,197,770 Series B CCDs held by SCI-GIH will be converted to 1,197,770 Equity Shares; and (iii) 5 Class A Equity Shares held by SCI and SCI-GIH, each, will be reclassified to 5 Equity Shares, each. The conversion of CCDs and reclassification of Class A equity shares will be completed prior to filing the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.*

- (b) The Shareholders holding 1% or more of the paid-up Equity Share capital of the Company on a fully diluted basis, as of 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

S. No.	Name of the Shareholder	No. of Equity Shares	(%) of total shareholding	No. of Equity Shares on a fully diluted basis*	(%) on a fully diluted basis*
1.	Rajendra Gandhi	18,184,619	73.57%	[●]	[●]
2.	SCI	4,961,605	20.07%	[●]	[●]
3.	SCI-GIH	1,311,200	5.30%	[●]	[●]
4.	Sunita Rajendra Gandhi	259,300	1.05%	[●]	[●]
	Total	24,716,724	99.99%	[●]	[●]

**As on date of this Draft Red Herring Prospectus there are (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI which will be converted to 2,251,484 and 2,280,886 Equity Shares respectively; (ii) 1,197,770 Series B CCDs held by SCI-GIH which will be converted to 1,197,770 Equity Shares; and (iii) 5 Class A Equity Shares held by SCI and SCI-GIH, each, which will be reclassified to 5 Equity Shares, each. The conversion of CCDs and reclassification of Class A equity shares will be completed prior to filing the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.*

- (c) The Shareholders holding 1% or more of the paid-up Equity Share capital of the Company, on a fully diluted basis, as of one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

S. No.	Name of the Shareholder	No. of Equity Shares	(%) of total shareholding	No. of Equity Shares on a fully diluted basis*	(%) on a fully diluted basis*
1.	Rajendra Gandhi	18,184,619	73.57%	[●]	[●]
2.	SCI	4,961,605	20.07%	[●]	[●]
3.	SCI-GIH	1,311,200	5.30%	[●]	[●]
4.	Sunita Rajendra Gandhi	259,300	1.05%	[●]	[●]
	Total	24,716,724	99.99%	[●]	[●]

**As on date of this Draft Red Herring Prospectus there are (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI which will be converted to 2,251,484 and 2,280,886 Equity Shares respectively; (ii) 1,197,770 Series B CCDs held by SCI-GIH which will be converted to 1,197,770 Equity Shares; and (iii) 5 Class A Equity Shares held by SCI and SCI-GIH, each, which will be reclassified to 5 Equity Shares, each. The conversion of CCDs and reclassification of Class A equity shares will be completed prior to filing the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations.*

- (d) The Shareholders holding 1% or more of the paid-up Equity Share capital of the Company, on a fully diluted basis, as of two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

S. No.	Name of the Shareholder	No. of Equity Shares	(%) of total shareholding	No. of Equity Shares on a fully diluted basis*	(%) on a fully diluted basis*
5.	Rajendra Gandhi	18,184,622	96.21%	[●]	[●]
6.	SCI	228,089	1.21%	[●]	[●]
7.	SCI-GIH	228,089	1.21%	[●]	[●]
8.	Sunita Rajendra Gandhi	259,300	1.37%	[●]	[●]
	Total	18,900,110	100.00%	[●]	[●]

**As on date of this Draft Red Herring Prospectus there are (i) 2,610,898 Series A CCDs and 2,280,886 Series B CCDs held by SCI which will be converted to 2,251,484 and 2,280,886 Equity Shares respectively; (ii) 1,197,770 Series B CCDs held by SCI-GIH which will be converted to 1,197,770 Equity Shares; and (iii) 5 Class A Equity Shares held by SCI and SCI-GIH, each, which will be reclassified*

7. **Details of Equity Shares and ESOPs held by our Directors and Key Managerial Personnel in our Company**

Other than as set out below, none of our Directors or Key Managerial Personnel hold Equity Shares or ESOPs as of the date of this Draft Red Herring Prospectus.

Name	No. of Equity Shares	Pre-Offer (%)	Number of employee stock options outstanding	Post-Offer (%)
Rajendra Gandhi	18,184,619	73.57	Nil	[●]
Neha Gandhi	1	0.00	Nil	[●]
Rajiv Mehta Nitinbhai	Nil	Nil	312,598	[●]
Venkitesh N.	1	0.00	200,000	[●]
Senthil Kumar R.	1	0.00	32,658	[●]
Hemant Kumar Kothari	Nil	Nil	24,761	[●]
Shashidhar S.K.	Nil	Nil	50,000	[●]

8. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is seven.
9. Except as disclosed in this Draft Red Herring Prospectus, our Company has not made any bonus issue of any kind or class of securities since incorporation. For further details see, “-Share Capital History of our Company” on page 58.
10. **Employee stock option plans**

Our Company, pursuant to the resolution passed by our Board and our Shareholders’ resolutions dated July 10, 2018 and September 10, 2018 respectively adopted the ESOP Plan. Pursuant to the ESOP Plan, options to acquire Equity Shares may be granted to eligible employees (as defined in the ESOP Plan).

Pursuant to the resolution passed by the Nomination and Remuneration Committee dated September 21, 2018, grant of up to 813,000 options under the ESOP Plan was approved. As on date of this Draft Red Herring Prospectus, 755,328 options have been granted to 102 eligible employees of the Company under the ESOP Plan. Further details are as follows:

Particulars	Details
Options granted	755,328
Exercise Price on options	₹150 per employee stock options
Pricing Formula	DCF – Discounted Cash Flow Approach
Vesting period	Options granted under the ESOP Plan shall vest not earlier than one year and not later than maximum vesting period of five years from the date of grants.
Options vested and not exercised	279,671
Options exercised	Nil
The total number of Equity Shares arising as a result of options	279,671
Options forfeited/ lapsed	Nil
Variation of terms of options	NA
Money realized by exercise of options	Nil
Total number of options in force	615,003
Employee-wise detail of options granted to	
A. Key managerial personnel	470,000
B. Any other employee who receive a grant in any one year of options amounting to 5% or more of the options granted during the year	NA
C. Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA
Fully diluted Earnings per Equity Share – (face value ₹10 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with Ind AS 33 ‘Earnings	₹0.29 per Equity Share on a fully diluted basis

Particulars	Details
per Share' as on March 31, 2019 on a consolidated basis	
Lock-in	Nil
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share)	(₹150-₹30) = ₹120 per Option
Impact on profit and Earnings per Equity Share –(face value ₹10 per Equity Share)of the last three years if the accounting policies prescribed in the SEBI ESOP Regulations had been followed in respect of options granted in the last three years	NA
Description of the pricing formula method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	As per the DCF approach followed by the Chartered Accountant, the forecast cash flows are discounted back to the present date, generating a present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an over-all value for the business. Management estimates that both cash generated units are expected to work for a foreseeable period without interruption both in terms of raw material supply and continuous sales orders. The management has estimated a five-year period to be reasonable for explicit forecasts. The forecast for all the periods are made from 1st April and the financial year ends on 31st March every year. All the periods are full periods of 12 months ending on 31st March. Risk Free Rate- 8.81% Equity Risk Premium- 9.25% Beta -1.00 Cost of Equity - 18.10%
Intention of Key Managerial Personnel and whole time directors who are the holders of Equity Shares allotted on exercise of options granted to sell their shares within three months after the date of listing of Equity Shares pursuant to the Offer	Not Applicable, since no Options are exercised.
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, key managerial personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Not applicable since no Options exercised

Note: The details above have been certified by Mishra & Co., Chartered Accountants pursuant to certificate dated January 31, 2020.

11. All Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment and there are no partly paid up Equity Shares as on the date of the Draft Red Herring Prospectus.
12. An oversubscription to the extent of 1% of the net offer can be retained for the purposes of rounding off to the nearest multiple of minimum Allotment lot while finalising the Basis of Allotment in accordance with SEBI ICDR Regulations.
13. Our Company presently does not intend or propose or is under negotiation or consideration to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under this Offer; and (b) the issuance of Equity Shares to employees pursuant to the ESOP Plan.

14. Neither our Company nor our Directors have entered into any buy-back and/ or standby arrangements for purchase of Equity Shares from any person. Further, the BRLMs have not made any buy-back and/ or standby arrangements for purchase of Equity Shares from any person.
15. The BRLMs and their affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/ or our Subsidiaries, for which they may in the future receive customary compensation.
16. No person connected with the Offer, including, but not limited to, the BRLMs, our Company, the Selling Shareholders, Promoter, Promoter Group, the members of the Syndicate, our Company or the Directors shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
17. Except as disclosed in (i) “– *Share capital history of our Company – (a) Equity share capital*”; (ii) “– *Share capital history of our Company – (b) Class A Equity Share Capital*”; and (iii) “– *Notes to the capital structure – Employee stock option plans*”, as of the date of this Draft Red Herring Prospectus, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares.
18. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the members of the Promoter Group between the date of filing this Draft Red Herring Prospectus with the RoC and the Bid/Offer Closing Date, if any, shall be reported to the Stock Exchanges within 24 hours of such transaction.
19. Except for the Fresh Issue, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be. Provided, this will not apply to issuance of Equity Shares pursuant to the conversion of CCDs, the reclassification of Class A Equity Shares and the exercise of options pursuant to the ESOP Plan prior to the filing of the Red Herring Prospectus with the RoC.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale. Our Company will not receive any proceeds from the Offer for Sale. All fees and expenses in relation to the Offer other than the listing fees (which shall be borne by our Company) shall be shared amongst our Company and the Selling Shareholders in proportion to the Equity Shares being offered or sold by them, respectively, pursuant to the Offer and in accordance with applicable laws. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders in relation to their respective portion of the Offer for Sale, and the Selling Shareholders agree that they will reimburse our Company for all such expenses, upon successful completion of the Offer, in accordance with applicable laws.

Objects of the Fresh Issue

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

1. Repayment/pre-payment, in full or part, of certain borrowings availed by our Company; and
2. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us (i) to undertake our existing business activities (ii) to undertake the activities proposed to be funded from the Net Proceeds, as well as the activities towards which the loans proposed to be repaid from the Net Proceeds were utilised. Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Fresh Issue ⁽¹⁾	1,450.00
(Less) Fresh Issue expenses ⁽¹⁾	[•]
Net Proceeds of the Fresh Issue (the “Net Proceeds”)	[•]

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

Requirement of Funds, Schedule of Implementation and Utilisation of Net Proceeds

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

Particulars	Amount (₹ in million)
Repayment/pre-payment, in full or part, of certain borrowings availed by our Company	1,100.00
General corporate purposes ⁽¹⁾	[•]
Total	[•]

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue

Utilisation of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

Particulars	Total estimated amount/ expenditure	Estimated Utilisation from Net Proceeds ⁽¹⁾	Estimated Utilisation from Internal Accruals	Estimated schedule of deployment of Net Proceeds in	
				Fiscal 2020	Fiscal 2021
Repayment/pre-payment, in full or part, of certain borrowings availed by our Company	1,100.00	1,100.00	-	1,100.00	-
General corporate purposes ⁽¹⁾	[•]	[•]	[•]	[•]	[•]
Total	[•]	[•]	[•]	[•]	[•]

⁽¹⁾ To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated

above due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in procuring and operationalizing assets; (iv) timely completion of the Offer; (v) market conditions outside the control of our Company; and (vi) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. See *“Risk Factors - Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected.”* on page 33. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For further details, see *“Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected.”* on page 33.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, if the actual utilisation towards any of the stated objects is lower than the proposed deployment, the balance remaining may be utilised towards future growth opportunities, and/or towards funding any of the other existing objects (if required), and/or general corporate purposes, subject to applicable laws.

Details of the Objects of the Offer

1. Repayment/ pre-payment of certain borrowings, in full or part, availed by our Company

Our Company has entered into various financial arrangements with banks, financial institutions and other entities. The loan facilities entered into by our Company includes borrowing in the form of, *inter alia*, term loans and working capital facilities. For further details, see *“Financial Indebtedness”* on page 242. As at December 31, 2019 the amount outstanding under our fund based and non-fund based working capital and loan facilities was ₹1,620.37 million. Our Company proposes to utilise an estimated amount of ₹1,100.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may avail further loans after the date of this Draft Red Herring Prospectus.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by it. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of borrowings (including refinanced or additional facilities availed, if any), in part or full, would not exceed ₹1,100.00 million. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness, debt servicing costs and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

The following table provides details certain of the borrowings availed by our Company, which are currently proposed to be fully or partially repaid or pre-paid from the Net Proceeds:

S. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/Document	Purpose ⁽¹⁾	Amount Sanctioned ⁽²⁾	Amount Outstanding as at December 31, 2019 ⁽²⁾	Interest Rate	Repayment Date / Schedule	Pre-payment penalty
				(₹ in million)				
1.	HDFC Bank Limited	Cash credit on demand and Working Capital demand loan and non-fund based limits, pursuant to sanction letter dated November 16, 2018 and loan agreement dated February 1, 2019	Our Company has availed this loan to meet its working capital requirement	450.00	413.80	10.55% p.a (1 year MCLR + 1.80%)	The facilities are repayable on demand and the working capital demand loan is repayable maximum in 180 days.	Nil

S. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/Document	Purpose ⁽¹⁾	Amount Sanctioned ⁽²⁾	Amount Outstanding as at December 31, 2019 ⁽²⁾	Interest Rate	Repayment Date / Schedule	Pre-payment penalty
				(₹ in million)				
2.	Tata Capital Financial Services	(i) Master invoice discounting facility agreement dated August 31, 2018	Our Company availed this loan to meet its working capital requirements	(i) 200.00	(i) 184.90	(i) 11.50% p.a.	Each sales invoice discounted is adjusted on or before due date from date of discounting	1.00% of the amount sanctioned
		(ii) Channel finance facility under the Hindalco corporate program pursuant to sanction letter dated July 17, 2019		(ii) 50.00	(ii) 50.00	(ii) 12.00%p.a		
3.	Tata Capital Financial Services	(i) Term Loan	Our Company has availed the loan to meet capital expenditure requirement	(i) 70.00	(i) Nil	(i) 11.75% p.a.	(i) 48 months	1.00% on the amount prepaid
		(ii) Equipment Finance Both pursuant to sanction letter dated July 17, 2019		(ii) 80.00	(ii) 40.75	(ii) 11.75% p.a.	(ii) 48 months	
4.	Standard Chartered Bank	Working capital facility (overdraft) pursuant to loan agreement dated May 9, 2008 and sanction letters dated December 10, 2015	Our Company availed this loan to meet its working capital requirements	350.00*	204.20	Effective interest rate overdraft – 10.55% p.a.	Repayable on demand	Nil
5.	RBL Bank Limited	Working capital facility pursuant to sanction letter dated September 16, 2019 and loan agreement dated September 19, 2019	Our Company availed this loan to meet its working capital requirements	350.00*	142.64	Effective interest rate cash credit 10.35% (6 Month MCLR +0.90%)	Repayable on demand	Nil
6.	IDFC First Bank	(i) Working capital	Our Company availed this loan to meet its working capital requirements and availed the term loan to take over the term loan availed from South Indian Bank	(i) 100.00	(i) 72.13	Working capital: Effective interest rate 10.60% (3 month MCLR + 2%) Term Loan: Effective Rate 11.55% (12 months MCLR + 2.25%)	(i) On maturity date	Nil
		(ii) Working capital term loan		(ii) 250.00	(ii) 187.50		(ii) 36 monthly instalments without any moratorium	
		(iii) Term loan all pursuant to sanction letter dated March 25, 2019 and loan		(iii) 108.30	(iii) 87.49		(iii) 52 monthly instalments without any moratorium	

S. No.	Name of the Lender	Nature of Borrowing and date of the Sanction Letter/Document	Purpose ⁽¹⁾	Amount Sanctioned ⁽²⁾	Amount Outstanding as at December 31, 2019 ⁽²⁾	Interest Rate	Repayment Date / Schedule	Pre-payment penalty
				(₹ in million)				
		agreement dated March 27, 2019						
7.	BMW Financial Services Private Limited	Retail finance (auto loan) pursuant to facility agreement dated December 28, 2017, bearing contract number CN00147264	Our Company has availed this loan to purchase automotive vehicles	4.06	2.64	8.51% p.a.	60 months	Nil
8.	BMW Financial Services Private Limited	Retail finance (auto loan) pursuant to facility agreement dated December 28, 2017, bearing contract number CN00147264	Our Company has availed this loan to purchase automotive vehicles	4.06	2.64	8.51% p.a.	60 months	Nil
9.	HDFC Bank Limited	Auto Premium Loan pursuant to a sanction letter dated October 22, 2019	Our Company has availed this loan to purchase automotive vehicles	3.99	3.95	8.80%	60 months	5% and 3% of the part payment amount in case part prepayment is within 13-24 months and post 24 months, respectively of the first EMI
Total Amount Outstanding as on December 31, 2019				2,020.41	1,392.64			

*Includes an overdraft facility. The total aggregate amount of the combined facility and its sub limits shall not exceed ₹350 million

⁽¹⁾ Our Statutory Auditors have confirmed that the above borrowings have been utilised for the purpose for which they were availed pursuant to certificate dated January 31, 2020

⁽²⁾ As certified by Mishra & Co., Chartered Accountants pursuant to certificate dated January 31, 2020

Our Company may consider the following factors for identifying the loans that will be repaid out of the Net Proceeds:

- (i) Costs, expenses and charges relating to the facility including interest rates involved;
- (ii) Presence of onerous terms and conditions under the facility;
- (iii) Ease of operation of the facility;
- (iv) Levy of any prepayment penalties and the quantum thereof;
- (v) Provisions of any law, rules, regulations governing such borrowings;
- (vi) Terms of pre-payment to lenders, if any;
- (vii) Mix of credit facilities provided by lenders; and
- (viii) Other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

In the ordinary course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. One of our financing

facilities provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals. We will take such provisions also into consideration while deciding repayment and/or pre-payment of loans from the Net Proceeds.

2. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds of the Fresh Issue, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include sales, capital expenditure, meeting our working capital requirements, marketing and business development expenses, expansion of facilities and meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer related expenses include fees payable to the BRLMs and legal counsel, fees payable to the auditors, brokerage and selling commission, commission payable to Registered Brokers, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The break-up of the Offer expenses is as follows:

Activity	Estimated expenses ⁽¹⁾⁽⁵⁾ (₹ in million)	As a % of the total estimated Offer expenses ⁽¹⁾	As a % of the total Offer size ⁽¹⁾
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Bankers to the Offer and fees payable to the Sponsor Bank for Bids made by RIBs using the UPI Mechanism ⁽²⁾	[●]	[●]	[●]
Brokerage and selling commission for members of Syndicate, and Registered Brokers, RTAs and CDPs ⁽³⁾	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, BSE & NSE processing fees, book building software fees	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) To be incorporated in the Prospectus post finalisation of the Offer Price

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

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted (plus applicable taxes)

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

Sponsor Bank will be entitled to processing fee of Rs. 8 per every valid ASBA Form for Bids made by RIBs using UPI Mechanism. The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, amendments and applicable laws.

(3) Registered Brokers will be entitled to a commission of ₹ 10 per every valid ASBA Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges

(4) Members of syndicate, RTAs, CDPs and SCSBs (for the forms directly procured by them) will be entitled to selling commission as below:

- Portion for Retail Individual Bidders: 0.35% of the Amount Allotted*
- Portion for Non-Institutional Bidders: 0.20% of the Amount Allotted*

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

Note: All of the above are exclusive of applicable taxes

(5) The commissions and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoices of the respective intermediaries by the Company

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board or IPO Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the shares of any other listed company.

Monitoring of Utilisation of Funds

Our Company has appointed [●] as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the monitoring agency will monitor the utilisation of the Net Proceeds, and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Kannada, being the local language of the jurisdiction where the Registered Office is situated in accordance with the Companies Act and applicable rules. Our Promoters or controlling shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

Other Confirmations

Except to the extent of the proceeds received pursuant to the Offer for Sale portion, none of our Promoter, Directors, KMPs, Promoter Group or Group Companies will receive any portion of the Offer Proceeds.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price. Investors should also refer to “Our Business”, “Risk Factors” and “Financial Statements” on pages 114, 18 and 164, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- A one stop shop for well recognized, award winning portfolio of kitchen solutions brands with a diverse range of products across consumer preference;
- Widespread, well connected distribution network with a presence across multiple retail channels and a dedicated after-sales network;
- Strong manufacturing capability with efficient backward integration;
- Consistent focus on quality and innovation;
- Professional management with successful track record and extensive experience in the kitchen solutions industry, and a young and dynamic workforce; and
- Strong track record and financial stability.

For further details, see “Our Business - Competitive Strengths” and “Risk Factors” on pages 115 and 18, respectively.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Indian AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see “Financial Statements” on page 164.

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

1. Basic and Diluted Earnings Per Share (“EPS”)

Fiscal	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
2017	(9.78)	(9.78)	1
2018	(6.35)	(6.35)	2
2019	0.33	0.33	3
Weighted Average	(3.58)	(3.58)	-
Six month period ended September 30, 2019*	1.77	1.77	-

* Not annualized

Note:

1. The EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per Share” issued by ICAI
2. The ratios have been computed as below:
 - a. Basic EPS (in ₹) = Net profit, after tax, as restated for the year/period, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/period
 - b. Diluted EPS (in ₹) = Net profit, after tax, as restated for the year/period, attributable to equity shareholders/ Weighted average number of dilutive equity shares outstanding during the year/period
3. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights]

2. Price/ Earning (“P/ E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share

- (a) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the lower end of the Price Band are [●] and [●], respectively.
- (b) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the higher end of the Price Band are [●] and [●], respectively.
- (c) **Industry P/ E ratio**

Particulars	P/ E
Highest	49.86
Lowest	42.25
Average	45.18

Note:

1. The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see “-Comparison with listed industry peers” hereunder
2. P/E figures for the peer are computed based on closing market price as on January 28, 2020 on BSE, divided by Basic EPS (on consolidated basis) based on the annual report of the company for Fiscal 2019

3. Return on Net Worth (“RoNW”)

Fiscal	RoNW (%)	Weight
2017	N.M.	1
2018	N.M.	2
2019	N.M.	3
Weighted Average	N.M.	-
Six month period ended September 30, 2019*	N.M.	-

* Not annualized

Note:

1. Since the Net Worth is negative, the RoNW is Not Meaningful or N.M.
2. RoNW = Net profit after tax, as restated for the year/period, attributable to equity shareholders/ Net worth (excluding revaluation reserve), as restated, at the end of the year/period
3. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]

4. Net Asset Value (“NAV”) per Equity Share of face value of ₹10 each

Financial year ended	Restated Financial Information (₹)
As on March 31, 2019	(25.87)
As on September 30, 2019	(23.88)
Offer Price	[●]
After the Offer	[●]
• At the Floor Price	[●]
• At the Cap Price	[●]

Note:

1. NAV = Net Asset Value, as restated, at the end of the period/ year/ Number of equity shares outstanding at the end of the year/ period
2. Offer Price per Equity Share will be determined on conclusion of the Book Building Process

5. Comparison with Listed Industry Peers

S.No.	Name of the company	Face Value (₹)	Closing price as on January 28, 2020 (₹) ⁽¹⁾	Revenue from operations for Fiscal 2019 (₹ in million) ⁽²⁾	EPS (₹)		NAV ⁽⁴⁾ (₹ per share)	P/E ⁽⁵⁾	RoNW ⁽⁶⁾ (%)
					Basic	Diluted ⁽³⁾			
1.	Stove Kraft Limited	10.00		6,409.38	0.33	0.33	(25.87)	-	N.M. ⁽⁷⁾
Peer Group									
2.	TTK Prestige	10.00	6,026.30	21,069.10	138.76	138.76	1,009.67	43.43	22.59
3.	Hawkins Cookers	10.00	4,332.10	6,528.40	102.53	102.53	224.32	42.25	45.71
4.	Butterfly Gandhimathi Appliances	10.00	256.80	6,519.83	5.15	5.15	105.93	49.86	5.05

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual reports of the respective company for the Fiscal 2019

Note:

1. Closing price refers to price on BSE on January 28, 2020
2. Revenue refers to revenue from operations for Fiscal 2019
3. Diluted EPS refers to the diluted EPS sourced from the audited financial results of the respective company for the Fiscal 2019
4. Net assets value per equity share (in ₹) = Net Asset Value (Net Worth), as restated, at the end of the period/ year/ Number of equity shares outstanding at the end of the year/period
5. P/E ratio has been computed based on the closing market price of equity shares on BSE on January 28, 2020 divided by the diluted EPS provided under note 3

6. *Return on Net Worth is computed as net profit after tax divided by closing net worth. Net worth has been computed as a sum of share capital and reserves and surplus*
7. *Since the Net Worth is negative, the RONW is Not Meaningful or N.M.*

6. The Offer Price will be [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “*Our Business*”, “*Risk Factors*” and “*Financial Statements*” on pages 114, 18 and 164, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in “*Risk Factors*” and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

Sr. No.	Details
1.	Possible Special Tax Benefits available to the Company and its Shareholders under the Income Tax Act, 1961 as amended by the Finance Act, 2019
2.	Possible Special Tax Benefits available to the Company and its Shareholders under the indirect tax laws, including the Central Goods and Services Tax Act, 2017, as amended, Integrated Goods and Services Tax Act, 2017, as amended, respective State Goods and Services Tax Act, 2017, as amended, Goods and Services Tax (Compensation to States) Act, 2017, as amended, Customs Act, 1962, as amended, Customs Tariff Act, 1975, as amended, the rules and regulations there under, as amended by the Finance Act 2019 and the Finance (No.2) Act, 2019 i.e., applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21 presently in force in India

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STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO STOVE KRAFT LIMITED AND ITS SHAREHOLDERS

To,

**The Board of Directors
Stove Kraft Limited**

81/1, Medamarana Halli Village,
Harohalli Hobli, Kanakapura Taluk,
Harohalli – 562112,
Karnataka, India

Dear Sirs,

Sub: Statement of possible special direct tax benefits available to Stove Kraft Limited (“the Company”) and its shareholders.

We refer to the proposed issue of the shares of Stove Kraft Limited (“the Company”). We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act 1961, as amended by the Finance Act 2019, as applicable to the assessment year 2020-21 relevant to the financial year 2019-20 for inclusion in the Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus (collectively, the “Offer Documents”) for the proposed issue of shares and offer for sale.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the near future and accordingly, the Company or its shareholders may or may not choose to fulfill.

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

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

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

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the Offer Documents for the proposed public issue / offer for sale of shares which the Company intends to submit to the Securities and Exchange Board of India, the registrar of companies, Bengaluru at Karnataka and the stock exchange(s) 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.

This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the Issue).

Yours faithfully,

**For Deloitte Haskins & Sells
Chartered Accountants**

(Firm Registration Number: 008072S)

Subramanian Krishnamani

Partner

Membership No. 206440

Place: Bangalore

Dated: January 30, 2020

UDIN: 20206440AAAAB5977

STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO STOVE KRAFT LIMITED AND ITS SHAREHOLDERS

I. Special tax benefits available to the Company

1. Claim for Additional Depreciation*

- Under Section 32(1)(ia) of the Act, the Company (being a company engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power) is entitled to claim additional depreciation of a sum equal to 20% of the actual cost of any new machinery or plant that is acquired and installed after March 31, 2005 by the Company (other than ships and aircrafts) subject to conditions specified in said section of the Act.

*However, if the company exercises option for concessional income tax rate as prescribed under section 115BAA of the Act, the above benefit shall not be available.

2. Deductions from Gross Total Income

- Deduction in respect of employment of new employees

Subject to the fulfillment of prescribed conditions, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA.

3. Exemptions under section 10 of the Act

The share of profits of the Company in the partnership firm is exempted from income-tax in the hands of the Company under section 10(2A) of the Act.

II. Special tax benefits available to Shareholders

Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for shareholders

NOTES:

- The above benefits are as per the current tax law as amended by the Finance Act, 2019 and Taxation Laws (Amendment) Act, 2019.
- This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.
- Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 12% where the income exceeds INR ten crores.

If the Company opts for concessional income tax rate under section 115BAA, surcharge shall be levied at the rate of 10%.

- Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.
- If the Company opts for concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions/exemptions:
 - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
 - Deduction under clause (ia) of sub-section (1) of section 32 (Additional depreciation)
 - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
 - Deduction under sub-clause (ii) or sub-clause (ia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
 - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
 - Deduction under section 35CCD (Expenditure on skill development)
 - Deduction under any provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" other than the provisions of section 80JJAA;
 - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;

- No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause

Further, it was also clarified by CBDT vide circular NO. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

6. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND ITS SHAREHOLDERS

To,
The Board of Directors,
Stove Kraft Limited
81, Harohalli Industrial Area,
Kanakapura Taluk, Ramanagara District,
Bangalore 562112, Karnataka, India

Sub: Proposed initial public offering of equity shares of Rs. 10 each (the "Equity Shares") of Stove Kraft Limited (the "Company" and such offering, the "Offer")

This report is issued in accordance with the terms of our engagement letter dated 28 January 2020

The accompanying Statement of Possible Special Indirect Tax Benefits available to the Company and its shareholders (hereinafter referred to as **"the Statement"**) under the indirect tax laws, including the Central Goods and Services Tax Act, 2017, as amended, Integrated Goods and Services Tax Act, 2017, as amended, respective State Goods and Services Tax Act, 2017, as amended, Goods and Services Tax (Compensation to States) Act, 2017, as amended, Customs Act, 1962, as amended, Customs Tariff Act, 1975, as amended, the rules and regulations there under, as amended by the Finance Act 2019 and the Finance (No.2) Act, 2019 i.e., applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21 (collectively referred as **"Indirect Tax Regulations"**) for inclusion in the Draft Red Herring Prospectus (**"DRHP"**), Red Herring Prospectus (**"RHP"**) and Prospectus (collectively, the **"Offer Documents"**) for the proposed issue of equity shares and offer for sale.

1. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the **"ICDR Regulations"**) and the Companies Act 2013 (**"Act"**), the Statement, presents, in all respects, the possible special indirect tax benefits available to the Company and the shareholders of the Company, as at the date of our report.
2. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Offer.
3. Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled.
4. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and 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 Offer.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

Opinion

5. In our opinion, the Statement presents in all respects, the possible special indirect tax benefits available to the Company and its shareholders in accordance with the Indirect Tax Regulations as at the date of our report.

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

- i. The Company or its shareholders will continue to obtain these special indirect tax benefits per the Statement in future;
- ii. The conditions prescribed for availing these special tax benefits per the Statement have been/ would be met with ;
- iii. the revenue authorities/ courts will concur with our views expressed herein.

This report may be relied on by the Book Running Lead Managers and the legal counsel appointed in relation to the Offer. We undertake to immediately inform the Company and the Book Running Lead Managers appointed as such for the purpose of the Offer, of any changes to the information included herein till the date the Equity Shares commence trading on the relevant stock exchanges where the Equity Shares are proposed to be listed (the **"Stock Exchanges"**). In the absence of any such communication, the information stated in this report should be taken as updated information until the date of commencement of listing and trading of the Equity Shares on the Stock Exchanges, pursuant to the Offer.

All capitalized terms used but not defined herein shall have the meaning assigned to them in Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus.

For Mishra & Co.

Chartered Accountants

Firm Registration No. 012355S

Nilamadhab Mishra

Proprietor

Membership No. 223157

Bengaluru, 30 January, 2020

Certificate No. 025/SKPL/January 2020

UDIN: 20223157AAAABX3424

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND ITS SHAREHOLDERS

Benefits available to Stove Kraft Limited ('the **Company**) and the shareholders of the Company under the indirect tax laws, including Central Goods and Services Tax Act, 2017, as amended, Integrated Goods and Services Tax Act, 2017, as amended, respective State Goods and Services Tax Act, 2017, as amended, Goods and Services Tax (Compensation to States) Act, 2017, as amended, Custom Act, 1962, as amended, Customs Tariff Act, 1975, as amended, the rules and regulations there under, as amended by the Finance Act 2019 and the Finance (No.2) Act, 2019 i.e., applicable for the Financial Year 2019-20 relevant to the assessment year 2020-21 (collectively referred as "**Indirect Tax Regulations**").

1. Special Tax Benefits available to the Company

The Company's manufacturing unit located at No. 509/307, Village Buranwala, PO Barotiwala, Distt Solan, Himachal Pradesh, vide registration no. '237/GST Baddi/GST Shimla/ 02AADCS9958B1ZE', is eligible for budgetary support under notification date 05 October 2017: 'Scheme of budgetary support under Goods and Service Tax Regime to the units located in States of Jammu & Kashmir, Uttarakhand, Himachal Pradesh and North East including Sikkim', issued by Ministry of Commerce and Industry, Department of Industrial Policy and Promotion.

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

None.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is obtained or extracted from “Kitchen Appliances Market in India” dated December 16, 2019 prepared and issued by Frost & Sullivan (the “F&S Report”) on our request. Neither we nor any other person connected with the Offer 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. 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. Unless noted otherwise, the information in this section is obtained or extracted from F&S Report on our request.

1. INTRODUCTION

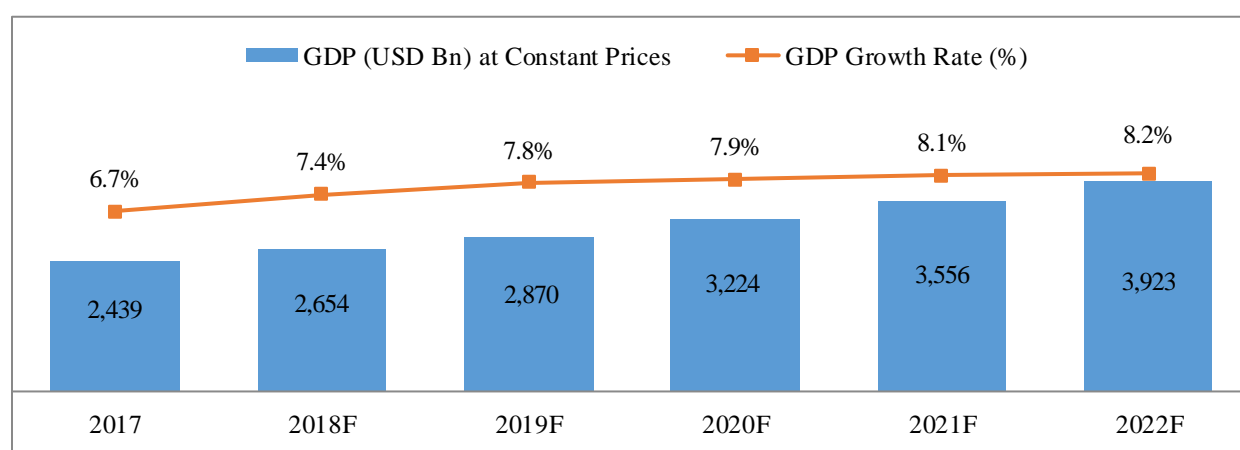
- 1.1** Globally, the kitchen appliances market comprises instruments or devices designed for smooth functioning of kitchen activities. Kitchen appliances are used mainly for food preparation, cooking, storage and cleaning functions. The Global Kitchen Appliances Market is expected to touch \$253.4 billion by 2020, registering a CAGR of 6.4% during the forecast period 2014-2020.
- 1.2** The global kitchen appliances market can be segmented based on product structure into two categories - ‘Large/Major appliances’ which include refrigerator, dishwasher, microwaves, cooktops, ovens, hobs, and kitchen chimneys; and ‘Small/Minor appliances’ which include food processors, mixer grinders, blenders and juicers, coffee machines, kettles, grills and fryers.

2. INDIA’S GROWTH STORY: FAVORABLE MACROECONOMIC INDICATORS

2.1 Expected GDP growth and rise in population will affect the consumer dynamics in the country:

The long-term growth prospective of the Indian economy is positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. With its Gross Domestic Product (GDP) growth averaging 7.5 % between 2014-15 and 2016-17, India can be rated as among the best performing emerging economies in the world.

2.2 Exhibit 1: India GDP and its Growth Rate, 2017-2025 (Value in \$ billion and % respectively)



Source: Frost & Sullivan analysis

In India, during FY 2016-17, Net National Income (NNI)¹, was INR 1,03,219 and in FY 2017-18, it is estimated to grow by 8.3% to reach INR 1,11,782. The country has already become world's third largest economy on PPP (Purchasing Power Parity) after the United States and China. India has been registering strong GDP growth and is expected to continue the momentum. Its middle class population is also growing, which presents vast opportunities for a multitude of products including kitchen appliances.

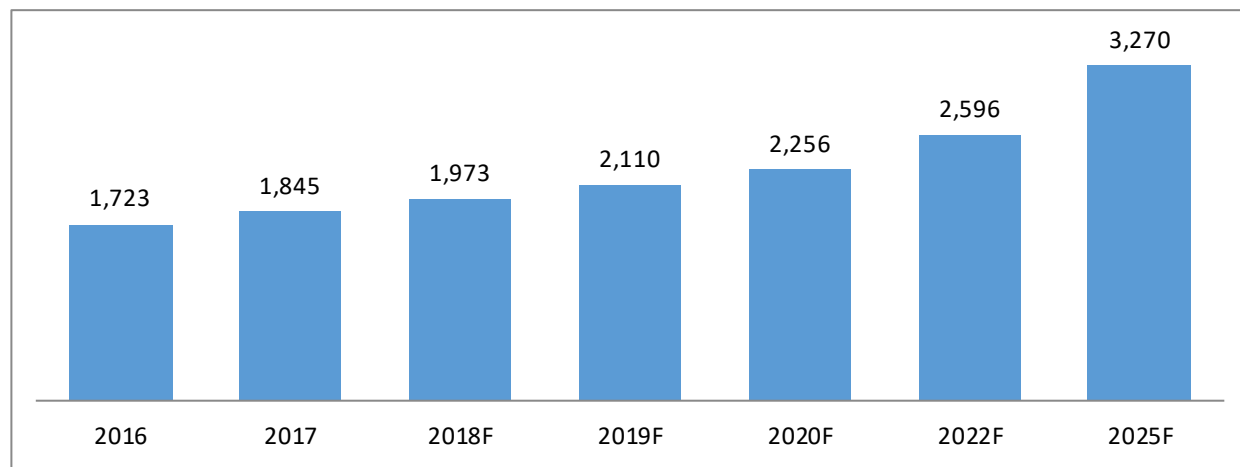
¹ Net National income (NNI) is defined as gross domestic product plus net receipts of wages, salaries and property income from abroad, minus the depreciation of fixed capital assets (dwellings, buildings, machinery, transport equipment and physical infrastructure) through wear and tear and obsolescence.

2.3 Growing Income of Indian Nationals:

- 2.3.1 India's GDP Per Capita reached US \$ 1,975 in March 2018, compared with US \$ 1,752 in March 2017. As per latest data of the World Economic Outlook report of the International Monetary Fund (IMF), which ranks over 200 countries across the world in terms of their respective per capita GDP based on purchasing power parity (PPP), India has moved up one position to rank 126 among the countries listed by IMF.

Source: <https://www.livemint.com/Money/5MFOB8LJF5NMPYcGAnTZpI/India-up-one-place-on-Per-Capita-GDP-terms-to-126-Qatar-No.html>

Exhibit 2: Per Capita Gross National Disposable Income (in US \$)



(1) Note: The fiscal years refer to year ending in March

(2) Source: Ministry of Statistics and Programme Implementation, ASSOCHAM and Frost & Sullivan analysis

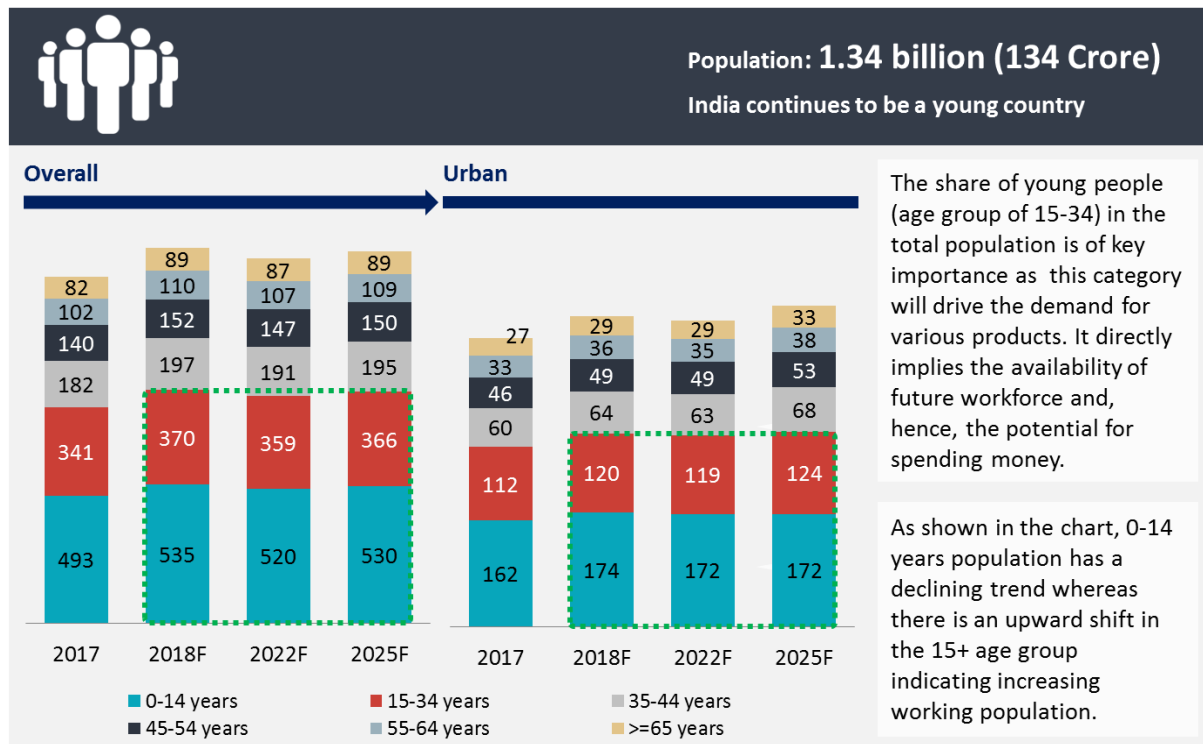


Increase in the overall per capita income has resulted in the rise of per capita disposable income in the country; is expected to grow at a CAGR of 7% until 2025.

Tier-II and tier-III cities will be the upcoming high disposable-income cities with greater purchasing power parity, high Internet penetration, and increasingly brand-conscious young population.

- 2.3.2 Increasing proportion of working population and younger age group in India is expected to intensify use of technology and seek convenience while shopping:

Exhibit 3: India Population Trends, 2017-2025F



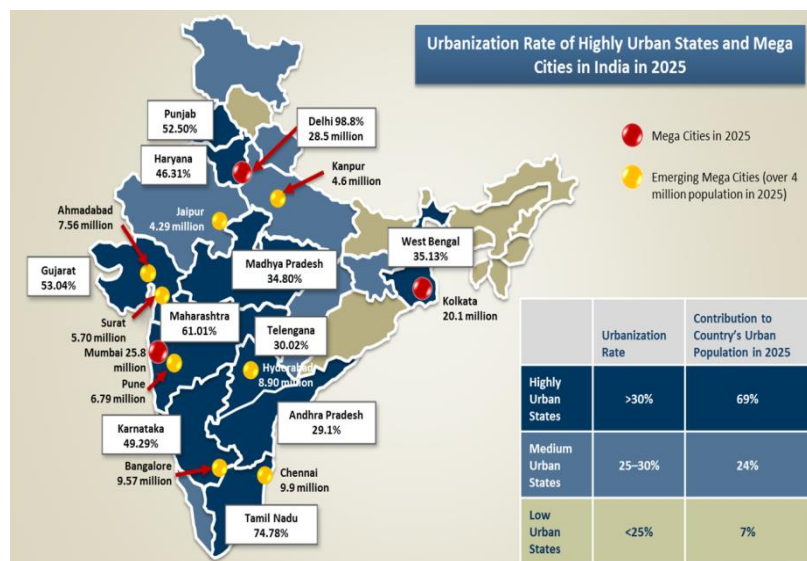
- (1) Note: The fiscal years refer to year ending in March
(2) Source: Health Nutrition and Population Statistics

- 2.3.3 India has a relatively young demographic profile, with a median age of 27.3 years; 850 million of the country's population will be in the age group of 35 years or below, making India the globe's youngest population by 2020. And, these Indian millennials are all set to take the centerstage in consumer markets and redefine India's consumption story with their increasing representation (currently 47%) in the working age population.
- 2.3.4 As per a recent ASSOCHAM study, tier-II and tier-III cities would be the upcoming high disposable income cities with greater purchasing power parity, higher Internet penetration and an increasingly brand-conscious young population

Growing Urbanization in India:

- 2.3.5 There has been a drastic increase in urban towns and cities in the country over the past five years. Almost 10 million people migrate to cities and towns every year. The urban population as a percentage of India's total population is estimated to increase from the current 32.8% (2017) to 35% by 2020, in turn driving greater exposure to modern amenities. (Source: <http://www.worldometers.info/world-population/india-population/>)

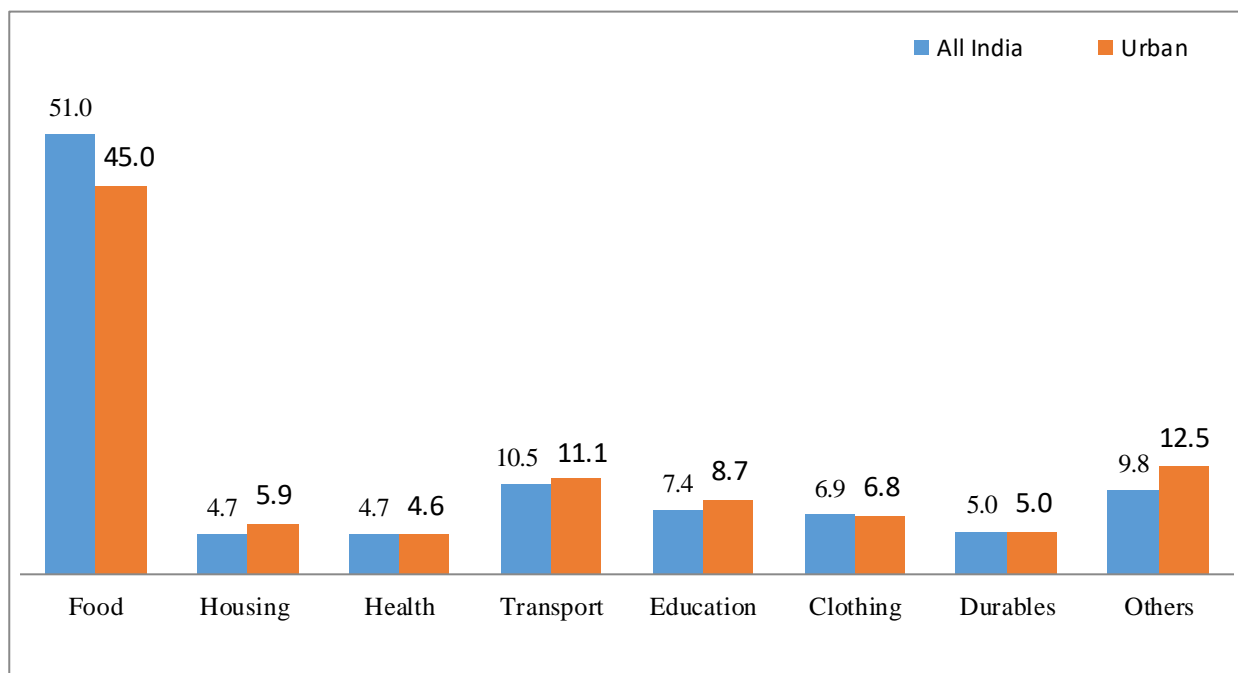
Exhibit 5: Rate of Urbanization in India: 2017-2025F



Source: Frost & Sullivan analysis

- 2.3.6 Apart from changing lifestyles and working styles urbanization has led to growth in the organized retail sector; this in turn has led to change in consumer buying behavior.

Exhibit 6: Average percentage expenditure by households in India, 2017



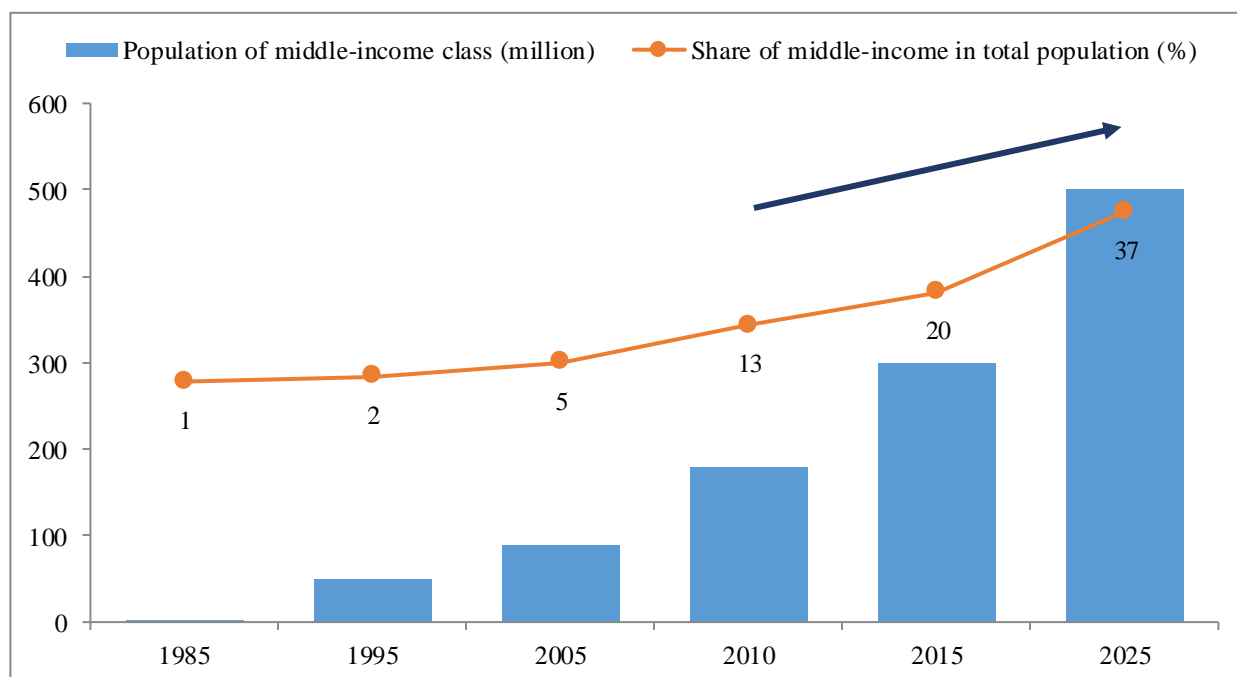
Source: Frost & Sullivan analysis

- 2.3.7 Increase in the overall per capita income has resulted in the rise of per capita disposable income in the country, which is expected to grow at a CAGR of 7% until 2025. Tier-II and tier-III cities will be the upcoming high disposable-income cities with greater purchasing power parity, high Internet penetration, and increasingly brand-conscious young population.

3. RISE OF THE INDIAN MIDDLE CLASS LEADING TO CHANGING CONSUMER BEHAVIOR

- 3.1 According to NCAER (National Council of Applied Economic Research), India's middle class population was 267 million (53 million households) in 2016. Further ahead, by 2025-26 the number of middle class households in India is likely to more than double from the 2015-16 levels to 547 million individuals (or 113.8 million households) representing about 37% of India's population.

Exhibit 7: Middle Class population in India, 1985-2025



Source: NCAER

- 3.2 By 2025, India is expected to rise from the 12th to the 5th largest consumer durables market in the world.

Exhibit 8: Indian Households, by income (in US \$ '000)



(3) Note: Income distribution is calculated in constant 2015 dollars; \$1=INR 65. Because of rounding not all % add up to 100
Source: Goldman Sachs Group. BCG CCI Proprietary income database

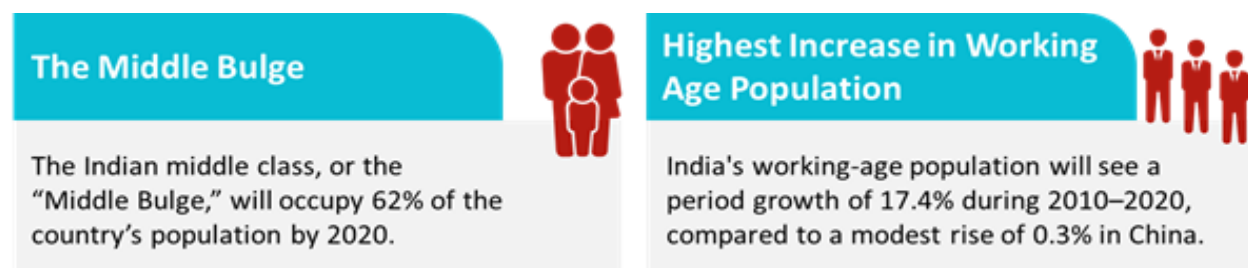
- 3.3 Key driver of growth for the Indian consumer appliances market is the country's burgeoning middle class population, along with a relatively small proportion of its affluent class. This growth in India's consumer market demand is driven primarily by rising disposable incomes in Indian households, and easy access to credit which induces a growing purchasing power. Increasing electrification of rural areas, along with rising influence of social media and popularity of online sales are also likely to aid growth in demand. Around two-thirds of the total revenue is generated from urban population and rest is generated from rural population.

Exhibit 9: Annual Growth (%) in Indian consumer's Household spending (2004-05 prices)

Consumption categories	FY 94 to FY 05	FY 05 to FY 15	FY 15 to FY 21
Food	3.0	4.2	5.3
Apparel & Footwear	3.3	6.1	6.2
Healthcare	7.1	8.2	8.3
Education	11.5	8.9	8.9
Conveyance	8.7	9.1	9.1
Non-food FMCG	4.9	4.1	5.0
Durable goods	9.8	10.1	10.3
Consumer services	10.6	6.8	6.9
Others	8.4	5.8	6.8
Total	5.0	5.7	6.7

Source: Indian Consumer Market 2020 – Structure, Size, Growth and Intensity, Rajesh Shukla and Mridusmita Bordoloi, 2015, PRICE

Exhibit 10: Trend in the Indian Middle Class Population



Source: Frost & Sullivan analysis

- 3.4 In India, the greatest consumer spending in near future is expected to yield from the country's 'urban mass', which comprises 129 million working people with undergraduate degrees in non-labor intensive work, blue collar and migrant workers, with an annual average earning of over US \$3,200. The maximum consumer spending is likely to occur on food, housing, consumer durables, and transport and communication sectors.
- 3.5 Overall consumer spending in India is anticipated to grow at 14% (much higher than the anticipated annual global growth of 5.5%) and expand 3.6 times from US \$991 billion in 2010 to US \$3.6 trillion by 2020. By 2020, India will

constitute 5.8% of global consumption more than double the 2.7% it now represents. (Source: CMIE). Significant increase in disposable income and easy financing schemes have led to shortened product replacement cycles and evolving lifestyles where consumer durables, including kitchen appliances, are perceived as utility items rather than luxury possessions.

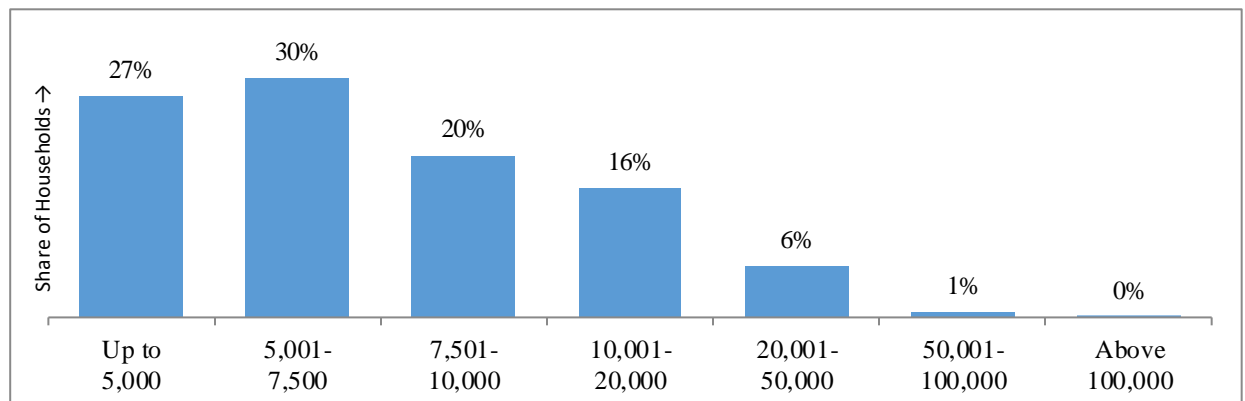
3.6 Rural India – The Emerging Consumer Market:

- 3.6.1 There has been considerable improvement in living standards of rural population since the last few decades and, India's per capita GDP in rural regions has grown at a Compound Annual Growth Rate (CAGR) of 6.2% since 2000.

Source: www.ibef.org

Exhibit 11: Distribution of average monthly income in households across rural India in 2015

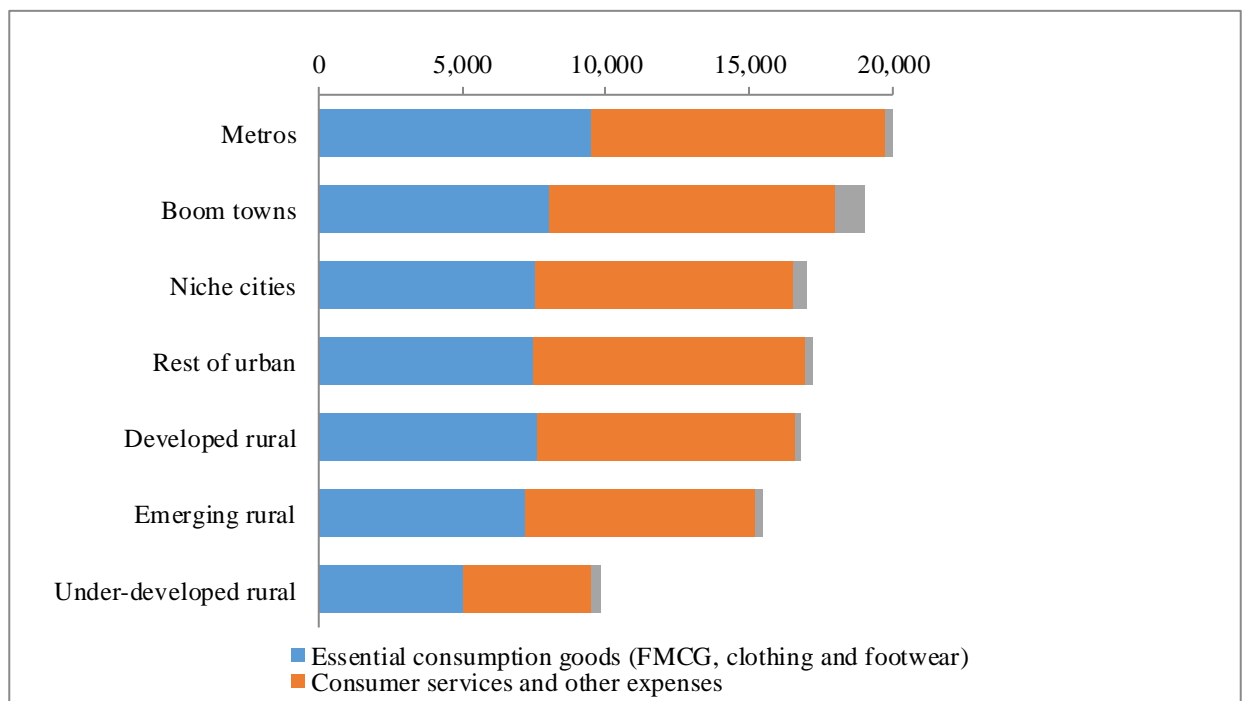
(in INR)



Source: www.statista.com

- 3.7 Recent researches have indicated that rural consumers are particularly aspiring or striving to purchase branded high quality products in their day-to-day living. Consequently, Consumer Appliances manufacturers in India are optimistic about growth of the country's rural consumer markets, which is expected to be faster than urban consumer markets.

Exhibit 12: Indian Consumer Spends: Types of Household Expenditures – Urban vs. Rural



- (4) Note: Consumer services include expenses on entertainment, conveyance, health, education, etc. Other expenses include Loan payments, remittances sent and non-routine expenditures such as those on weddings and house repairs. Consumer durables category includes down payment on vehicles purchased

4. INDIA GOVERNMENT'S POLICIES FAVOURABLE FOR THE CONSUMER APPLIANCES INDUSTRY

4.1 Implementation of Goods and Services Tax (GST) in 2017

- 4.1.1 As per current GST structure, the lower tax brackets of '5%', '12%' and '18%' are the standard rates for commonly used Indian kitchen items. The highest tax slab of 28% will be applicable to items, which were earlier taxed at 30-31% (excise duty plus VAT). GST places Large Domestic Appliances and Consumer durables category in the highest tax slab of 28%.

Exhibit 22: Tax Rate on Kitchen Goods and Appliances, after introduction of GST in 2017

5% GST	12% GST	18% GST	28% GST
<ul style="list-style-type: none"> LPG for Domestic Supply Household Copper articles Copper Utensils Steel Cutlery 	<ul style="list-style-type: none"> Aluminium utensils Aluminium counters and tables Kerosene Burner Kerosene Stoves of Iron and Steel Steel/Iron Small household articles Pressure Cooker Non-Stick Cookware 	<ul style="list-style-type: none"> LPG Stoves/Cooktops Aluminium Cans Aluminium Boxes Glass table-ware Ceramic table-ware Kitchen Bottles, Flasks Preserving jars of glass Small Kitchen Appliances 	<ul style="list-style-type: none"> Refrigerators Freezers Non-Electric Large Domestic Appliances

Source: <http://www.timesnownews.com/business-economy/gst-on-kitchen-appliances-know-your-new-tax-brackets/64619>

On the demand side, the GST aims to bring more transparency in the system as consumers will know the actual prices of the products they purchase.

4.2 Transformational Shift from 'Unorganized' to 'Organized' Sector in Indian manufacturing industries

On the supply side, implementation of GST aims at reducing several tax burdens on manufacturers and fosters their growth through more production. Key industry participants from the Indian manufacturing sector have acknowledged the introduction of GST is expected to be very beneficial to the organized industrial sector, and that it's a huge attempt by the government toward formalizing a large unorganized part of the manufacturing sector and the economy in general.

4.3 'Make in India' initiative:

The Indian manufacturing industry has emerged as one of the high growth sectors in India, and the launch of 'Make in India' initiative further propelled and gave this sector the necessary boost. To put more thrust on 'Make in India' drive, in the 2018 union budget, the government increased the basic custom duty on some key electronic items, which includes LED lamps, one of the product segments catered to essentially by Kitchen appliances manufacturing companies like Stove Kraft Limited.

Exhibit 23: Government impetus for 'Make in India' in Consumer Durables Sector:

Scheme/Policy	Benefits Available
Electronics Manufacturing clusters:	Subsidies on infrastructure cost to set up special manufacturing zones
Modified Special Incentive Package Scheme (MSIPS):	Subsidy for investments in capital expenditure of 20% for investments in Special Economic Zones and 25% in non-special economic zones

² The ICE 360° survey is representative at the level of economic clusters. Urban India has been divided into four clusters: Metros (population: more than 5 million), Boomtowns (population: 2.5 to 5 million), Niche cities (population: 1 to 2.5 million) and other urban towns (population: less than 1 million). Based on a district development index, rural India has been sub-divided into three different clusters: 'Developed rural' category includes districts such as Bathinda (Punjab) and Kangra (Himachal Pradesh). 'Emerging rural' includes districts such as Latur (Maharashtra) and Kamrup (Assam), and 'under-developed rural' includes districts such as Kalahandi (Odisha) and Bastar (Chhattisgarh).

Scheme/Policy	Benefits Available
Investment allowances and deductions:	Investment allowance (additional depreciation) at the rate of 15% to electronics manufacturing companies investing more than INR 250 million in plants and machinery. This benefit was available for three years, i.e. for investments made up to March 31, 2017.

Source: <https://www.ibef.org/industry/manufacturing-sector-india.aspx>

4.4 Foreign Direct investment (FDI) in India:

To fulfil its objective of reducing dependence on imports by 2020, the Govt. of India has allowed 100% FDI in the electronics hardware manufacturing sector through the automatic route and 51% FDI in Multi-brand retail. Under the automatic route in the ESDM (Electronic System Design & Manufacturing) sector, 100% FDI is allowed, with Special preference to foreign companies setting up manufacturing units in India. This proved to be a key attraction for foreign investors, and also enabled consumer appliance manufacturers, especially those in the Kitchen Appliances industry.

Some early instances of such acquisitions in the Indian kitchen appliances market are as follows:

- Phillips invest in Maya Appliance;
- Reliance Equity Advisors invest in Butterfly Gandhimathi
- In December 2017, 'Black & Decker', a wholly owned subsidiary of the listed American firm Stanley Black & Decker, expanded its licensing program to India, through a commercial tie up with Stove Kraft Limited., a leading Kitchen appliances maker in India.
- In mid-2017, TTK Prestige, another leading kitchen appliance manufacturer in India, launched UK based kitchen ware brand 'Judge', in India in an attempt to the less affluent consumer segment.
- Whirlpool to acquire Elica PB India
- Bajaj Electricals to acquire Nirlep Appliances
- Amicus Capital invests in Wonderchef

4.5 Increasing Residential Electricity Consumption in Indian households

Majority of kitchen appliances – both large and small types, are electricity driven; electricity consumption in Indian homes has tripled since 2000. The percentage of households with access to electricity has increased from 55% in 2001 to more than 80% in 2017

4.6 'Pradhan Mantri Ujjwala Yojana (PMUY)' - India Government's aim to provide clean cooking fuel to families that are below poverty line:

- 4.6.1 The scheme was initiated to persuade families who are under below poverty line to stop using firewood and other traditional cooking based on unclean cooking fuels or on fossil fuels, by providing free of cost LPG (cooking gas) connections to women from BPL Households.
- 4.6.2 Under this scheme the Indian Government initially made a target to provide 5 Crore LPG connections to under privileged women.
- 4.6.3 Launch of this scheme will also provide a great boost to the 'Make in India' campaign as the key manufacturers of cylinders, gas stoves, regulators, and gas hose are domestic.

Source: <http://www.pmujiwalayojana.com/about.html>

- 4.6.4 Cooktop gas oven manufacturers, like Stove Kraft Limited, perceive this increase in LPG users as an opportunity to grow their market size since increase in LPG users will directly garner more number of gas stove/cooktop users in the country.
- 4.6.5 One of the leading kitchen appliance manufacturers, Stove Kraft Limited, has partnered with oil and gas companies such as Indian Oil, HPCL and BPCL, as a co-branding initiative and provides cooktops with new gas connection for any of these oil and Gas companies. 'Pradhan Mantri Ujjwala Yojana', has helped Stove Kraft Limited. to increase volume sales and also spread its reach into the country's interiors.

5. THE INDIAN KITCHEN APPLIANCES MARKET ANALYSIS

- 5.1 Indian appliance and consumer electronics (ACE) market reached INR 2.05 trillion (US \$31.48 billion) in 2017. It is expected to increase at 9% CAGR to reach INR 3.15 trillion (US \$48.37 billion) in 2022. Urban markets account for the major share (65%) of total revenues in the consumer durables sector in India. The key 'Large' and 'Small' Cooking Appliances categories, which are covered in the scope of this report, the current market value is estimated at about INR 148.5 billion, which is set to reach INR 238.0 billion by end 2022, growing at a CAGR of about 9.9%.
- 5.2 The kitchen appliances industry has traditionally been skewed toward unorganized players while a handful of organized players have dominated major regions and key urban markets. Urban markets account for a major share of total revenues in the consumer durables sector in India whereas rural markets have only now begun to contribute recently.
- 5.3 Considering 'zonal' market representation, 'South' India contributes to about 35% of the total kitchen appliance market in India, followed by 'West' zone. 'East' zone, currently, has the least penetration of Kitchen appliances market with ~10-12% contribution, where, high-value and niche products like food processor, air fryer etc. have negligible sales due to affordability issues which pose a challenge for growth in the region.
- 5.4 Major players currently operating in the Indian kitchen appliances market include TTK Prestige, Stove Kraft Limited, Gandhimathi Appliances Ltd, Hawkins, Bajaj Electricals, Preethi Industries Ltd., Glen, Faber, Kaff Appliances, Inalsa, IFB, Panasonic, and Phillips, etc.
- 5.5 **KEY DRIVERS: INDIAN KITCHEN APPLIANCES MARKET**
- 5.5.1 **Lifestyle:** Industry experts believe the most important current market trend is the stylizing of cookware in order to transform the product from a functional kitchen tool to making it a part of an aspirational lifestyle, especially for affluent, urban consumers. Consumers moving into new houses or remodelling their existing home often prefer the latest collections to match the interior of their kitchens.
- 5.5.2 **Need for space utilization:** In earlier times, cookware used in the kitchen used to require a lot of space, it was difficult to handle and heavy; thus emerged the concept of 'modular kitchen'. Manufacturers have now introduced compact designs and portable cookware especially for small homes, apartments and traveling purposes. Minimalism is the latest trend, the appearance of minimalism—sleek design, neutral colors, matte finishes—also appeals to consumers because it veils the appliances' convoluted interiors, making the complex look simple.
- 5.5.3 **Change in cooking approach:** Apart from the cookware, there has also been a change in the cooking approach. Cooking is no more restricted to women. Earlier women were considered as the synonym for home cooks, but the picture has changed today; the role of the cook is played by men as well and it is equally accepted in the society.
- 5.5.4 **Health and environment concerns:** As the society changed it also helped to change consumption patterns. Now consumers are gradually moving toward the healthy path. Indians are looking for healthier options not only in their choice of food but also in their choice of kitchen appliances. Initially, India readily accepted Teflon coated Non-stick cookware as this cookware uses less oil. A similar seeking for natural organic food, helped cold pressed juicers gain a foothold in the market as its process doesn't destroy enzymes and nutrients in a juice.
- Another important trend is the growing tendency to question the safety of non-stick coatings in cookware. Leading Kitchen appliance manufacturers such as Stove Kraft are working diligently to create a coating that is safe to use for the households. For health safety concerns, consumers have also started avoiding the use of plastic. Researches have proved that the toxic compound found in the plastic causes health problems like cancer, obesity infertility etc. Such aspirations include catering to 'green' concerns for environmental friendliness and the health and the safety of the products offered.
- 5.5.5 **Technological advancement:** The kitchen appliances industry is increasingly becoming a technology driven market. Very often there are new innovations and updates expanding the industry. Technological evolution is transforming the supply of products such as hoods or hobs, which become more and more hi-tech and connected. In addition, manufacturers of major and small appliances have conceived new devices that meet the need of consumers to live better.
- New technologies are applied to cooking hobs like even heating and temperature controls of the burners, easy cleaning, and hoods/chimneys with more efficient ventilation mechanisms etc. Consequently, the life cycle of products has been considerably shortened and accordingly, the need for a continuous renewal is felt more frequently.
- 5.5.6 **Growth of E-commerce and easy financing options:** Current market trends are reflective of what's on the customer's mind as they choose how to equip and furnish their homes. It all started with Non-stick cookware and 50 years later, the cookware market keeps on developing. This market has advanced on the back of rising disposable income, growing sales infrastructure in the form of specialist stores and innovations, coupled with e-commerce players, increasing popularity of modular kitchens and convenience associated with such appliances. More than just satisfying the functional needs of the Indian consumer, modern retail in this sector has emerged to cater to the diverse needs of the customer – convenience, fashion or price.

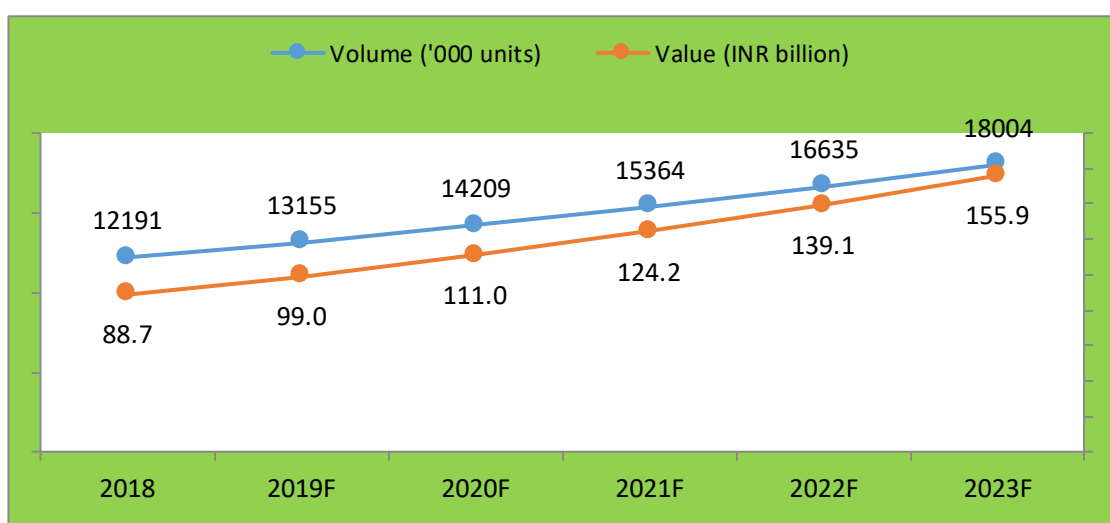
Besides, e-commerce companies also offer a range of kitchen appliances with easy financing, like low EMI and discounts to generate more sales, which also contribute toward increased demand. As per industry expert's views, Modern Retail chains such as Big Bazar, Croma, Reliance Digital, etc. significantly contribute toward increasing product awareness of modern consumer appliances among consumers, thereby boosting the demand for kitchen appliances in India.

- 5.5.7 **Mass Media:** Consumers are now more aware of cookware through reality programs and cooking shows on Television, and modern format retail chains today provide a wide range of alternatives at each value point in variety of consumer appliances. Increasing number of cooking based shows on television is also encouraging people to buy food preparation appliances and to try out new recipes. Mass manufacturing has also empowered cookware to be delivered at lower costs, which in turn has extended the range of customer choice.
- 5.5.8 **Influence of Social Media:** To take this approach at the global level, social media also played a very important role. In this technological savvy world, people have started experimenting and with the help of media taking it viral. Latest apps have also acted as a key support to help people across the world to promote their various ideas, recipes, innovations, methods and style of cooking digitally and reaching out for the maximum exposure possible.
- 5.5.9 **Property developers and builders as influencers:** are increasingly providing built-in kitchens (Sometimes as an option) in order to have a competitive edge. If not built-in kitchens, developers are providing the modularity to have a built-in kitchen. The concept of hiring a third party Kitchen designer is also on the rise especially in urban pockets. Also there has been an increase in the number of Kitchen specialty stores, Premium retailers and Multi branded outlets which have been a great influence in the growth of kitchen appliances, especially large, built-in appliances.
- 5.5.10 **Increase in premium residential constructions:** Share of premium residential construction was 7% in 2010, has increased to 10% in 2015 giving rise to higher adoption of modern kitchen appliances.

5.6 LARGE COOKING APPLIANCES:

- 5.6.1 Large cooking appliances include Cooker Hoods, Cooking Hobs (either built-in or freestanding) and Cooktops. Retail Volume sales of Large Cooking Appliances category as a whole, has witnessed a growth at a CAGR of 6.0% through 2013-2018, to reach sales of 12.2 million units in 2018. In terms of Retail Sales 'Value' growth, the category has grown at an even higher CAGR of 9.2% through the same period, to reach sales of INR 88.7 billion in 2018.
- 5.6.2 The overall growth momentum of the 'Large Cooking Appliances category' Retail sales is expected to continue the forecast period of 2018 to 2023. In terms of Retail Volume, the category is expected to grow at a CAGR of about 8.0% through 2018-2023, to clock 18.0 million unit sales by end of 2023. Retail Value sales, also is expected to continue on its higher growth trajectory, at a CAGR of 11.9% through 2018-2023, to reach INR 155 billion by end of 2023.
- 5.6.3

Exhibit 26: Large Cooking Appliances: Market Size (by Volume and Value)



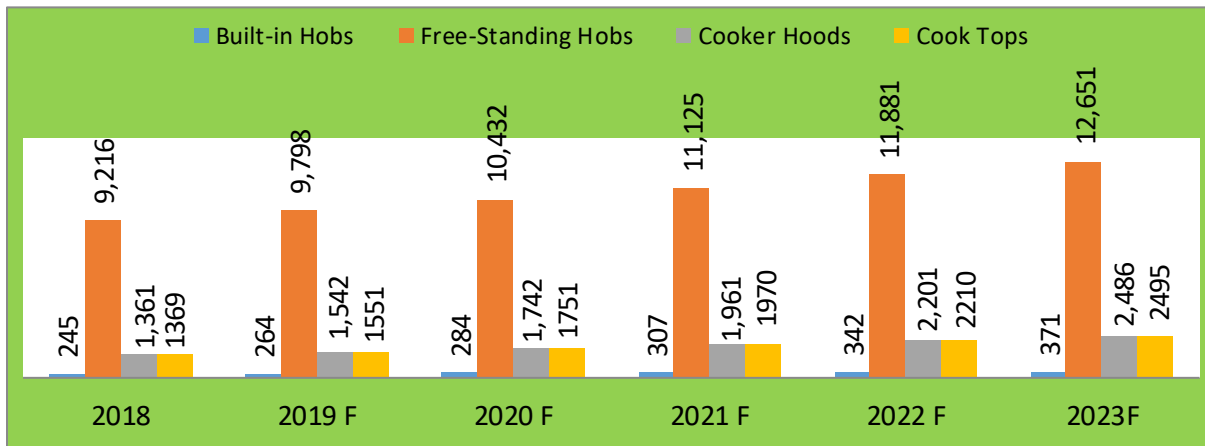
Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast

5.6.3 'Large Cooking Appliances' category, primarily include the following appliances:

- **Cooker Hood** (colloquially known as 'Kitchen Chimney'),
- **Cooking Hob** (Built-In and Free-Standing), and,

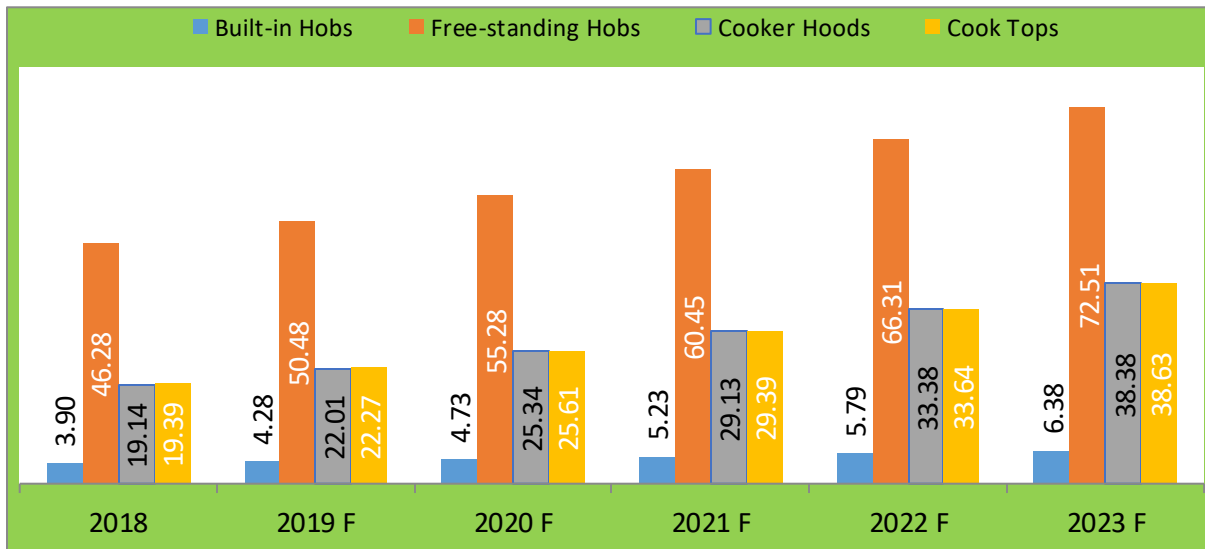
- **Cooktops**

Exhibit 27: Large Cooking Appliances: Volume ('000 Units) Trend by sub-segments



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

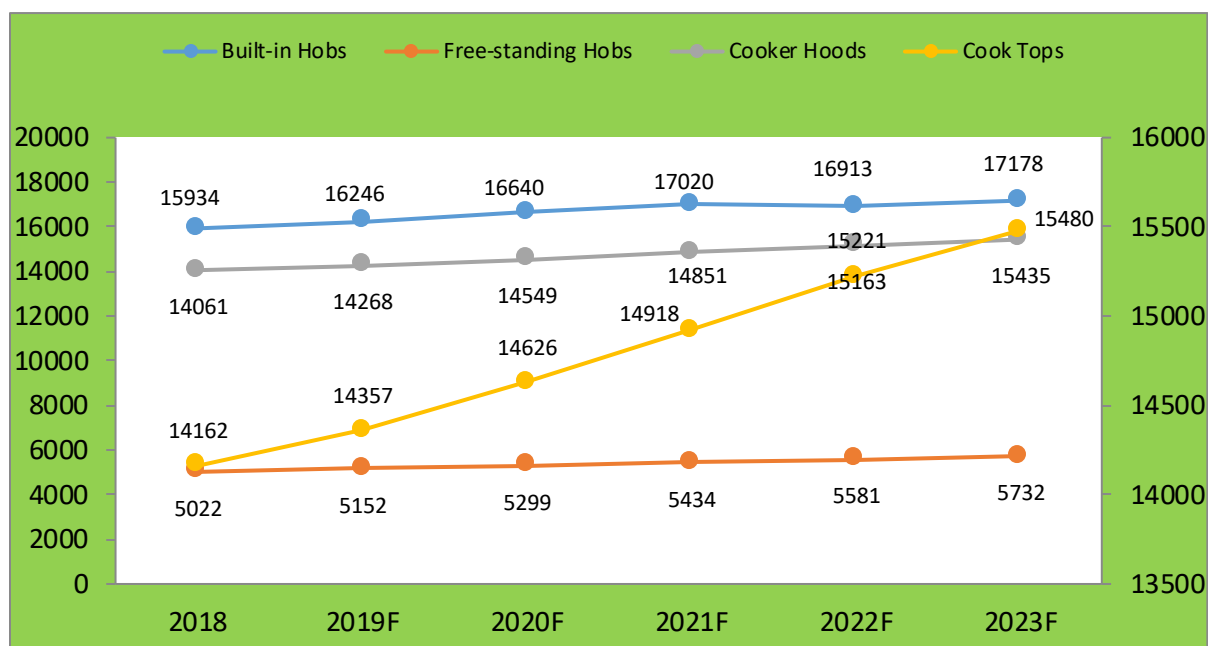
Exhibit 28: Large Cooking Appliances: Value (INR billion) Trend by sub-segments



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

5.6.4 Large Cooking Appliances are almost exclusively sold through Store-Based retailing, which accounted for 98.6% of the category's total retail volume sales. Remaining 1.4% was sold through Non-Store based retailing.

Exhibit 29: Large Cooking Appliances: Average Unit Price (in INR) Trend by sub-segments



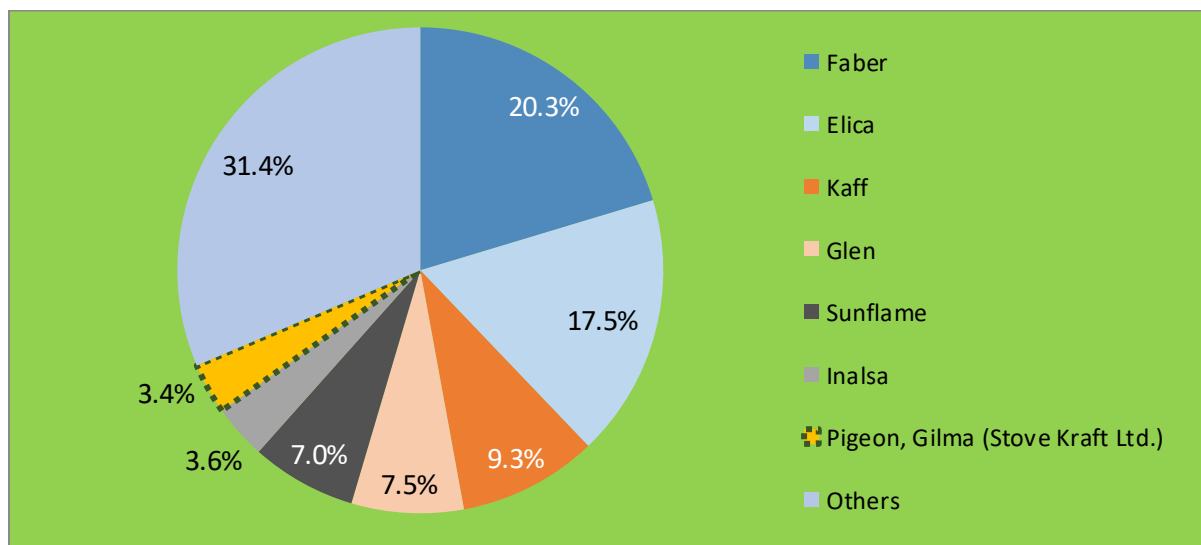
Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast

COOKER HOODS (colloquially referred to as 'Kitchen Chimney')

Cooker Hoods	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	1,361	2,486	13.0%
Retail Value (INR Million)	19,136	38,381	15.0%
Average Price (in INR)	14,061	15,435	1.8%
Market Leader (2018)	Faber	(20.3% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon, Gilma	(3.4% Retail Volume Share)	

5.6.5 'Cooker Hoods' or 'Kitchen Chimneys' has become an almost essential appliance in modern Indian kitchens as they help to avoid the fumes of the food from spreading into the kitchen and to other attached rooms.

Exhibit 30: Brand Share 2018 (by Volume): Cooker Hoods (Kitchen Chimney)



Source: Euro-monitor and Frost & Sullivan analysis

5.6.6 The starting price of a kitchen hood in Indian market is around INR 6000. In 2018, the average retail unit price stood at ~ INR 14,000. By end of 2023, the average price is expected to touch INR 15,435 per unit, growing at a CAGR of about 1.8%.

COOKING HOBS ('Built-in' and 'Free-Standing' versions)

Built-In Hobs	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	245	371	8.5%
Retail Value (INR Million)	3899	6382	10.2%

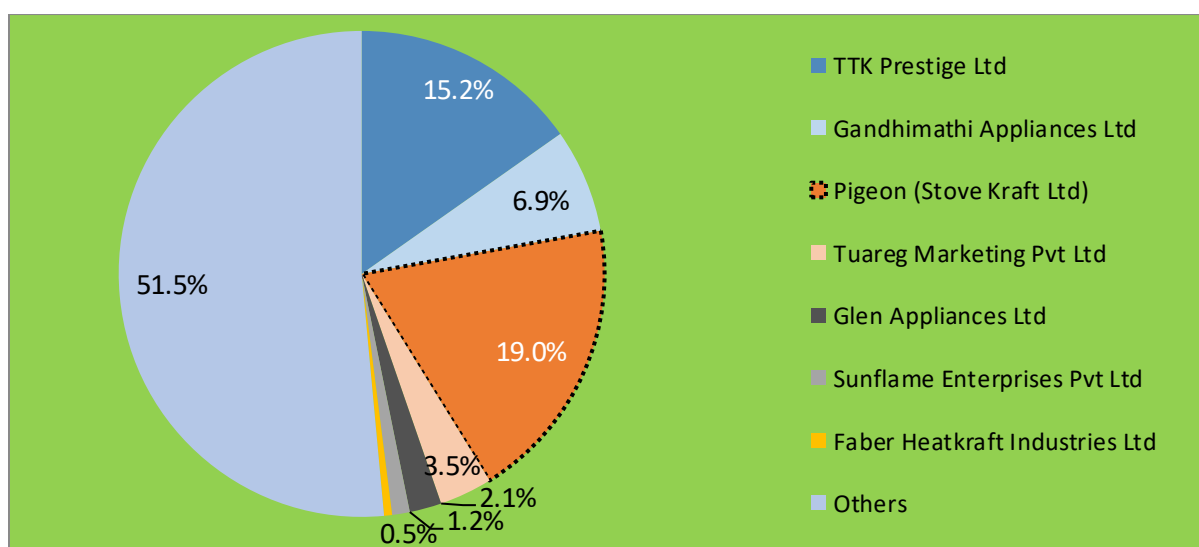
Average Price (in INR)	15,934	17,178	1.6%
Market Leader (2018)	Faber	(22.9% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon, Gilma	(4.8% Retail Volume Share)	

Free-Standing Hobs*	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	9,216	12,651	6.5%
Retail Value (INR Million)	46,282	72,513	9.4%
Average Price (in INR)	5,022	5,732	2.7%
Market Leader (2018)	Stove Kraft Ltd.	(19.0% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon	(19.0% Retail Volume Share)	

*Including LPG Gas Stoves

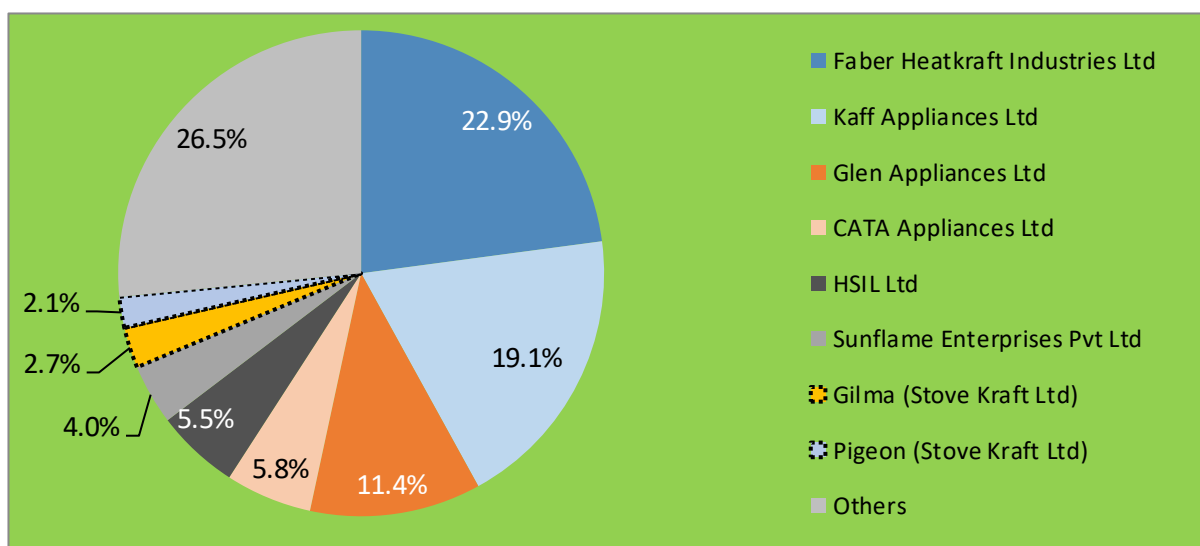
- 5.6.7 'Cooking Hobs' are built-in appliance and are to be set in the kitchen counter by cutting the slab according to the dimension of the gas hob.
- 5.6.8 Hobs are usually available in 3 burners or 4 burners with one small, one large and two medium-sized burners to adjust different sizes of vessels. The most popular options in India: gas and electric hobs:
- 5.6.9 'Free-standing' Hobs are much more prevalent in Indian households. The brand Pigeon (from the house of Stove Kraft Ltd.) has grown at 8.2% CAGR over 2013-2018 and Stove Kraft Ltd. is the current market leader with 19.0% retail volume share in 2018. It is followed closely by TTK Prestige Ltd. which garnered 15.2% market share in 2018.

Exhibit 31: Brand Share 2018 (By Volume): 'Free-Standing' Hobs



Source: Euro-monitor and Frost & Sullivan Analysis

Exhibit 32: Brand Share 2018 (By Volume): Built-In Hobs



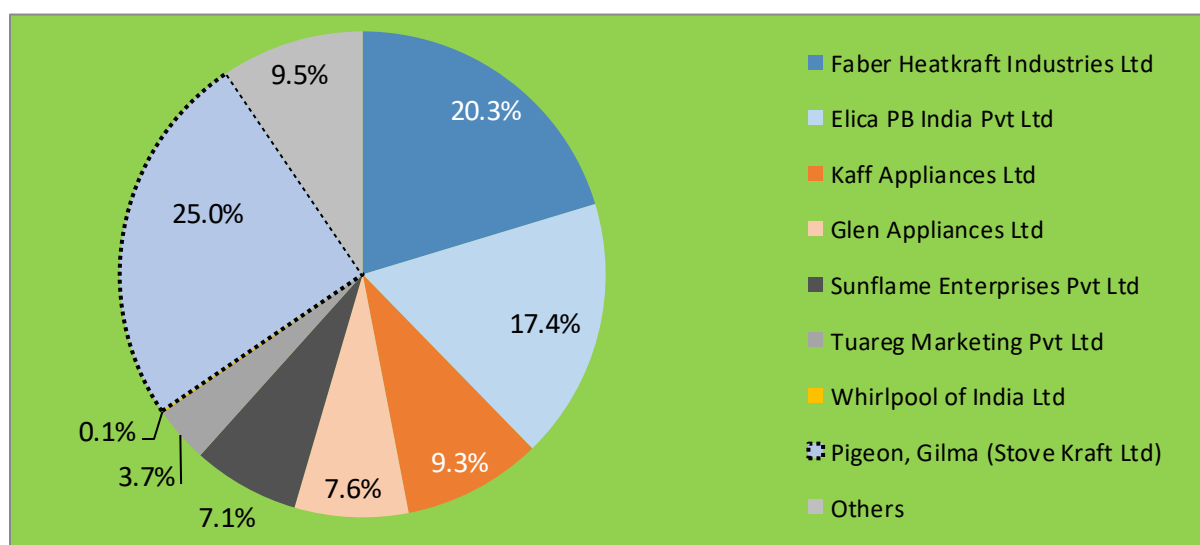
Source: Euro-monitor and Frost & Sullivan Analysis

COOKTOPS:

Cooktops	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	1,369	2,495	12.9%
Retail Value (INR Million)	19,392	38,629	14.8%
Average Price (in INR)	14,162	15,480	1.7%
Market Leader (2018)	Stove Kraft Ltd.	(25.0% of Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon, Gilma	(25.0% of Retail Volume Share)	

- 5.6.10 Cooktops are essentially Cooking Stoves. They are most frequently used and essential tool in most Indian kitchens. A cooktop can be a free-standing unit or 'built-in' with one or more burners or smooth tops with circular rings. Cooktops are categorized, based on their nature of fuel usage – gas or electricity and their appearance/design.
- 5.6.11 India cooktops market stood at INR 19.4 billion in 2018, and is expected to grow at a CAGR of 14.8%, in retail value terms, to reach INR 38.6 billion by the end of 2023, on the back of increasing consumer spending on smart kitchen appliances due to the increasing number of working women coupled with busy lifestyle, rising awareness for indoor pollution, and increasing demand for innovative smart electrical appliances across the country.

Exhibit 33: Brand Share 2018 (By Volume): Cooktops



Source: Euro-monitor and Frost & Sullivan Analysis

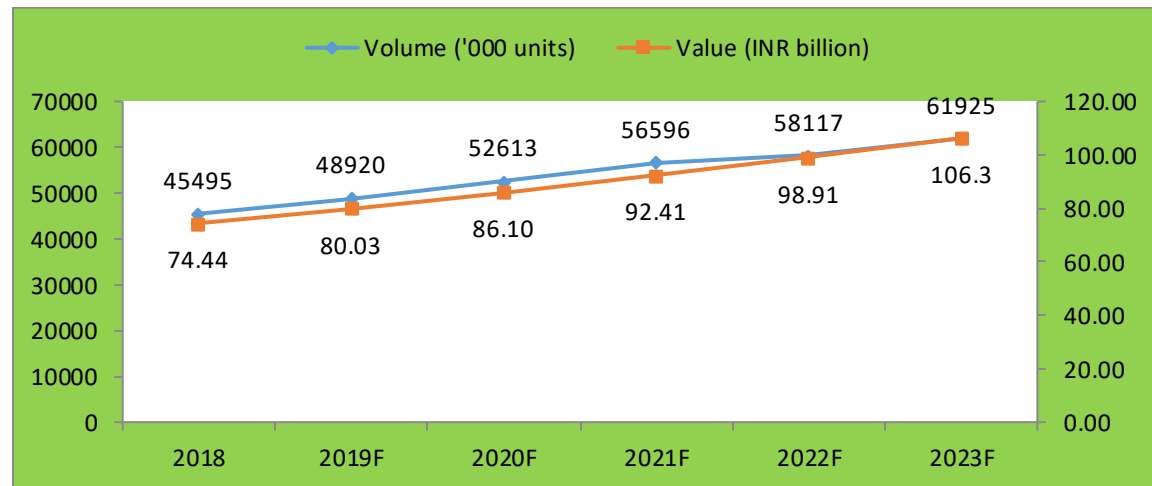
- 5.6.12 India Cooktops market is dominated by these major players, namely – Stove Kraft Ltd., Franke Faber India Ltd., TTK Prestige Ltd., Sunflame Enterprises Private Limited, Butterfly Gandhimathi Appliances Ltd., Elica PB India Private Limited, Bajaj Electricals Ltd., Philips India Ltd, among others. In this segment, indigenous brands like Stove Kraft Ltd. followed by Sunflame has registered prominent market share in 2018. Stove Kraft Ltd. is the leading brand in

this segment with 25.0% retail volume share and it sells its cooktops through the brand routes of Pigeon and Gilma, as well as by OEM and exports.

5.7 SMALL COOKING APPLIANCES

- 5.7.1 Successful marketing by leading companies TTK Prestige, Stove Kraft Limited, Bajaj Electricals etc. and others has created a market for small cooking appliances in India

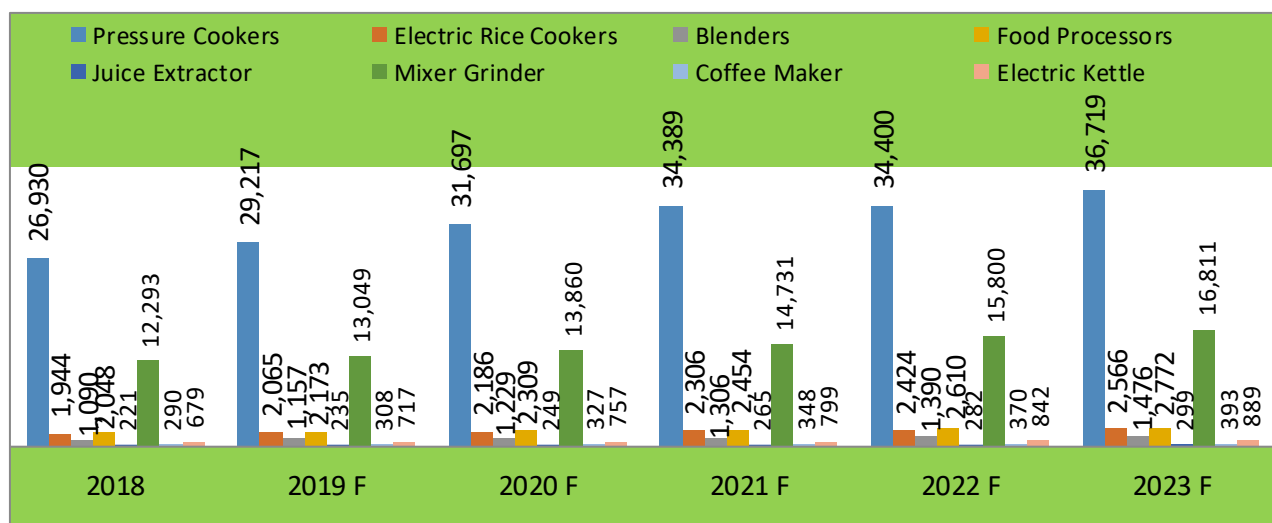
Exhibit 34: Small Cooking Appliances: Market Size (by Volume & Value)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

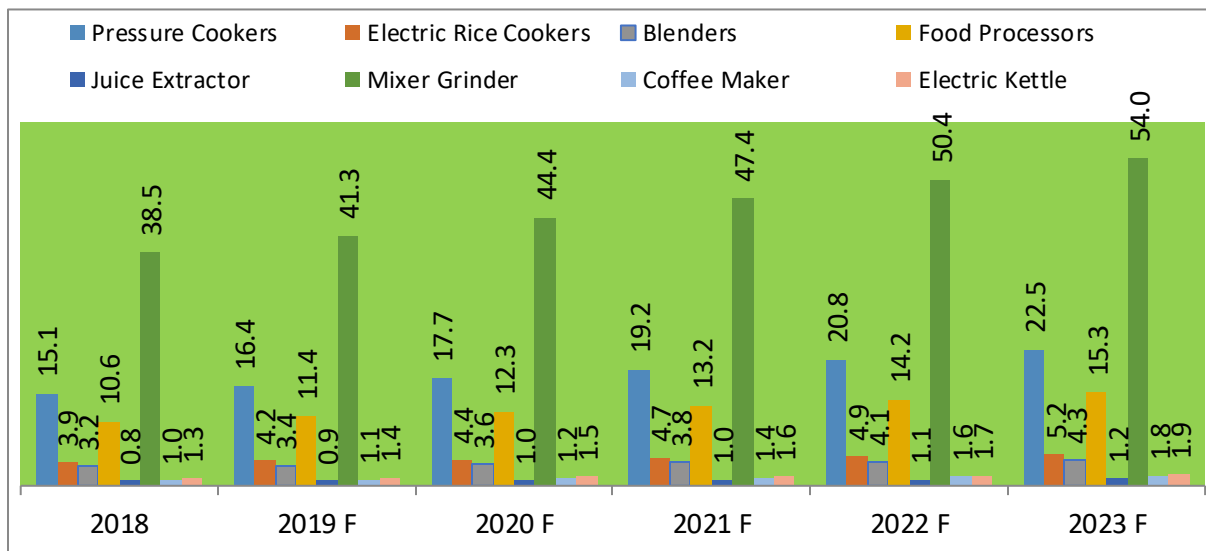
- 5.7.2 Small Cooking Appliances are also almost exclusively sold through Store-Based retailing. In 2018, 97.5% of total retail volume sales were registered through Store-based retailing, and the remaining 2.5% only was sold through Non-Store based retailing.

Exhibit 35: Small Cooking Appliances: Volume ('000 Units) Trend by sub-segments



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

Exhibit 36: Small Cooking Appliances: Value (INR billion) Trend by sub-segments



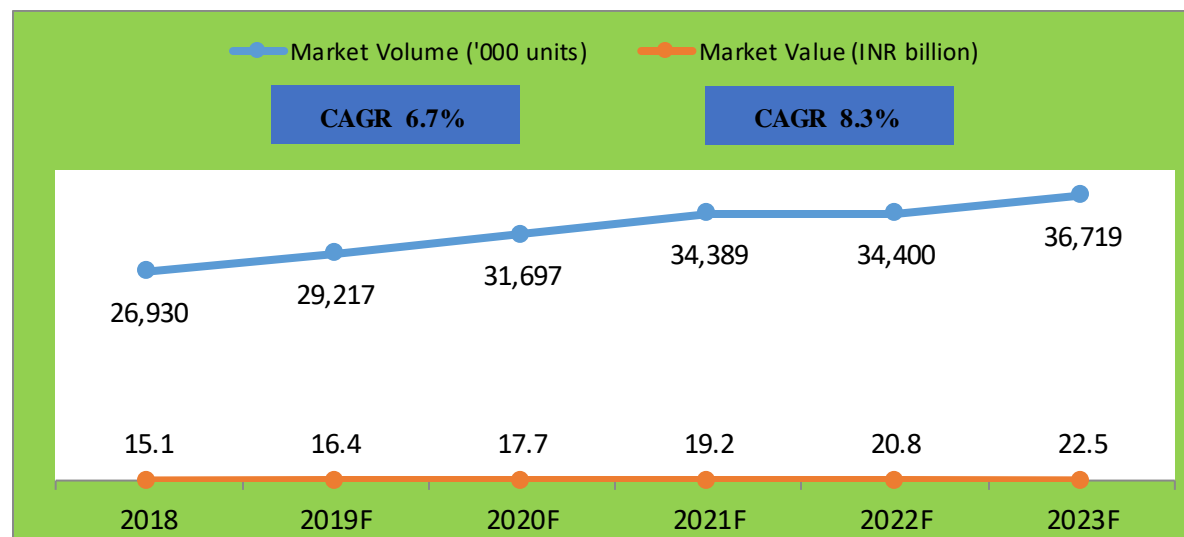
Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

Pressure Cooker

Pressure Cooker	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	26,930	36,719	6.7%
Retail Value (INR Million)	15,110	22,531	8.3%
Average Price (in INR)	561	614	1.5%
Market Leader (2018)	TTK Prestige	(47.9% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon	(8.1% Retail Volume Share)	

- 5.7.3 A pressure cooker is an airtight cooking device that enables the cooking liquid (mostly water) to heat and build up steam pressure inside the vessel, which in turn makes the food moist and enables quick cooking.
- 5.7.4 Depending on the type of material, Pressure Cookers can be of Aluminium, Stainless Steel or Hard Anodized.

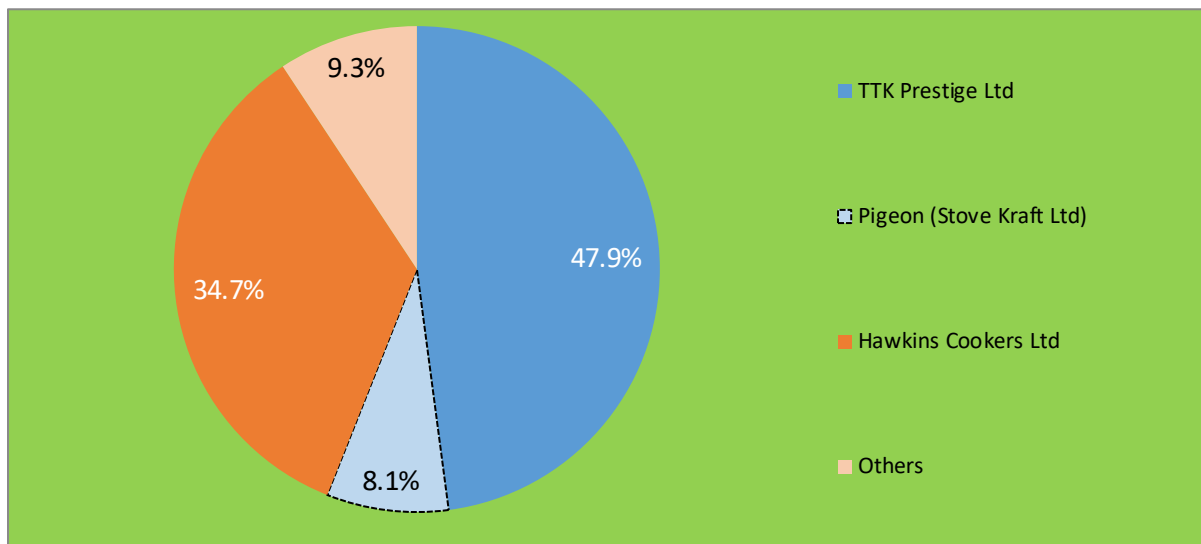
Exhibit 37: Pressure Cooker: Market Size by Value Growth Forecast (INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

- 5.7.5 The retail sales 'Value' of the pressure cooker market in India stands at INR 15 billion in 2018, growing at a healthy CAGR of about 9% through 2013-2018. Stove Kraft Ltd., TTK Prestige and Hawkins have a dominant position in the market for pressure cookers.

Exhibit 38: Brand Share (by Volume) 2018: Pressure Cookers



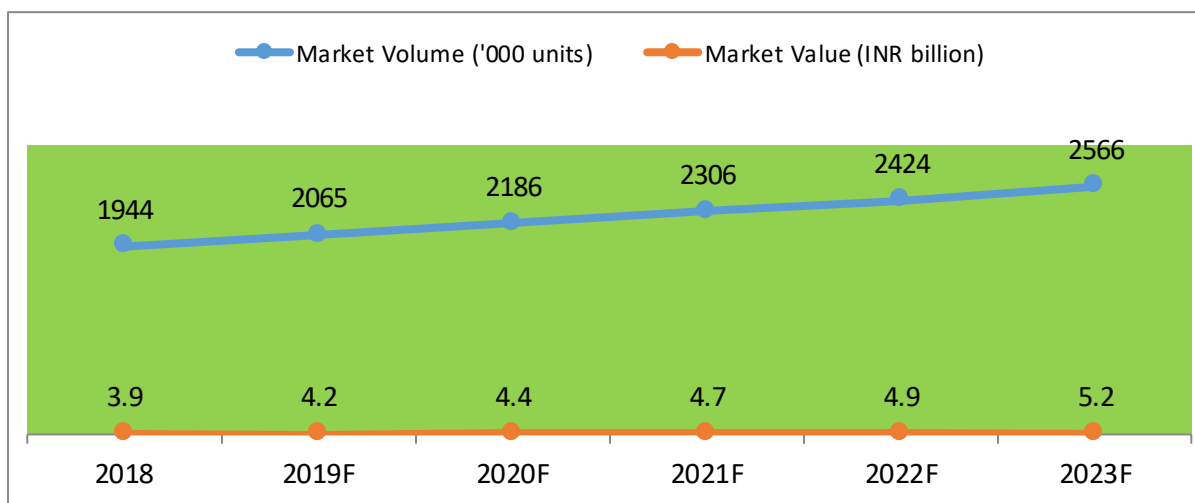
Source: Euro-monitor and Frost & Sullivan Analysis

Electric Rice Cookers

Electric Rice Cookers	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	1,944	2,566	5.9%
Retail Value (INR Million)	3,918	5,238	6.1%
Average Price (in INR)	2,015	2,041	0.3%
Market Leader (2018)	Panasonic	(34.7% Retail Volume share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon, B&D	(4.7% Retail Volume share)	

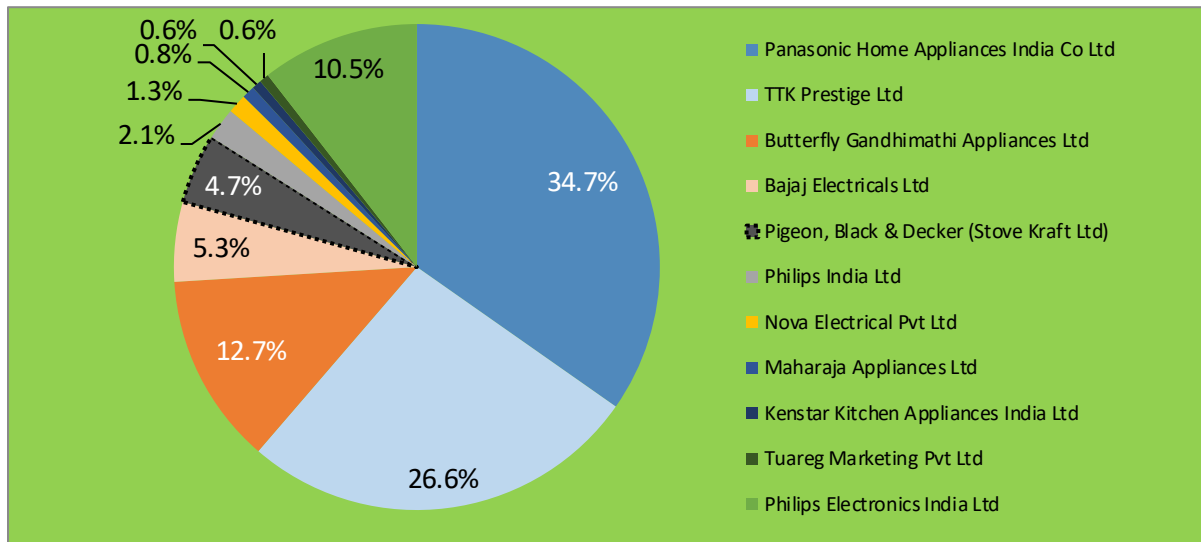
- 5.7.6 A rice cooker is an electrical kitchen appliance used essentially for cooking of rice. However, it can be used to make other food that needs to be steamed, such as dumplings, idli, dhokla, steamed vegetables for salads etc.
- 5.7.7 A key driver of the global rice cookers market is that they cook rice by evenly keeping the grain separate, neither undercooking nor overcooking.

Exhibit 39: Electric Rice Cookers: Market Size by Value Growth Forecast (INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast

Exhibit 40: Brand Share (by Volume) 2017: Electric Rice Cookers



Source: Euro-monitor and Frost & Sullivan Analysis

Panasonic Home Appliances led the Electric Rice cooker market in 2018 with about 34.7% market share, followed by TTK Prestige at 26.6%. Stove Kraft Ltd. garners a healthy market share of 4.7% offering Electric Rice Cookers, predominantly through its flagship brand 'Pigeon'. It has also initiated sales of premium category through 'Black & Decker' brand (as per licensing agreement).

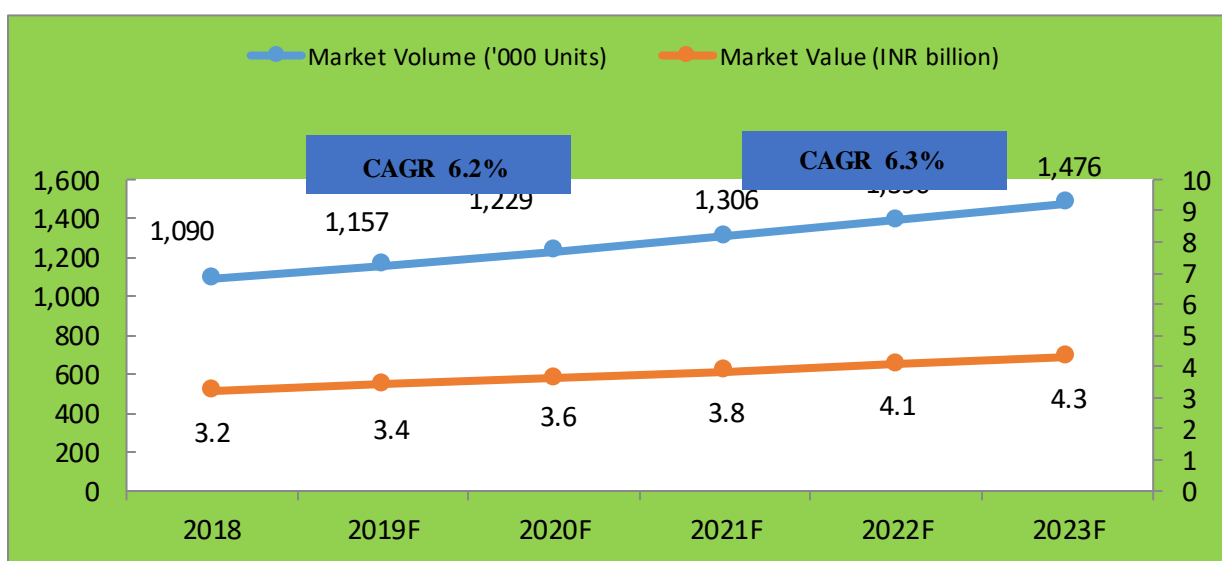
Food Preparation Appliances

BLENDERS:

Blenders	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	1,090	1,476	6.2%
Retail Value (INR Million)	3,208	4,334	6.3%
Average Price (in INR)	2,943	2,937	0.1%
Market Leader (2018)	Phillips	(44.3% of Retail Volume share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon	(0.5% of Retail Volume share)	

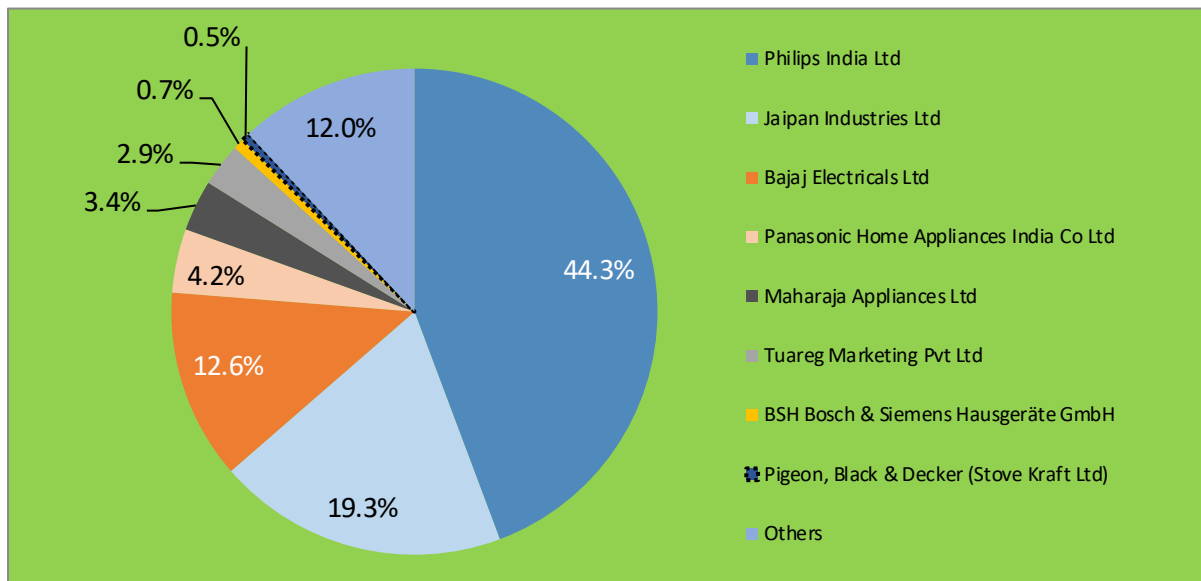
5.7.8 Blenders are multipurpose appliances that have a variety of uses in the kitchen. The major function in home and bar application is geared toward ice crushing. Blenders also emulsify softer food ingredients such as yogurt and fruit, which ultimately results in a thick consistency and smooth texture. Blenders are essentially appliances which are used in kitchen to blend smoothies, juices, puree vegetables in the soup, blend batter for pancakes etc. and also chop down vegetables to some extent.

Exhibit 41: Blenders: Market Size by Volume ('000 units) and Value (in INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast

Exhibit 42: Brand Share (by Volume) 2017: Blenders



Source: Euro-monitor and Frost & Sullivan Analysis

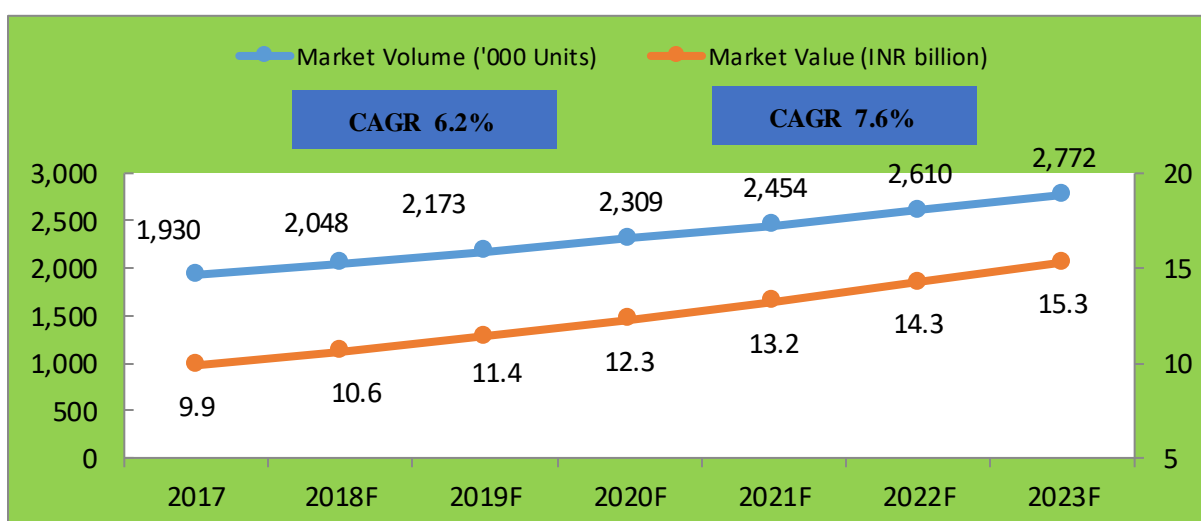
- 5.7.9 While Stove Kraft Ltd., offers 'Hand-Blenders' through its flagship brand 'Pigeon', however, it is its premium offering through 'Black & Decker' brand route, that has picked up higher sales value in 2018.

FOOD PROCESSORS

Food Processors	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	2,048	2,772	6.2%
Retail Value (INR Million)	10,620	15,330	7.6%
Average Price (in INR)	5,187	5,529	1.3%
Market Leader (2018)	Phillips	(25.5% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	B&D	Setting footsteps in the category	

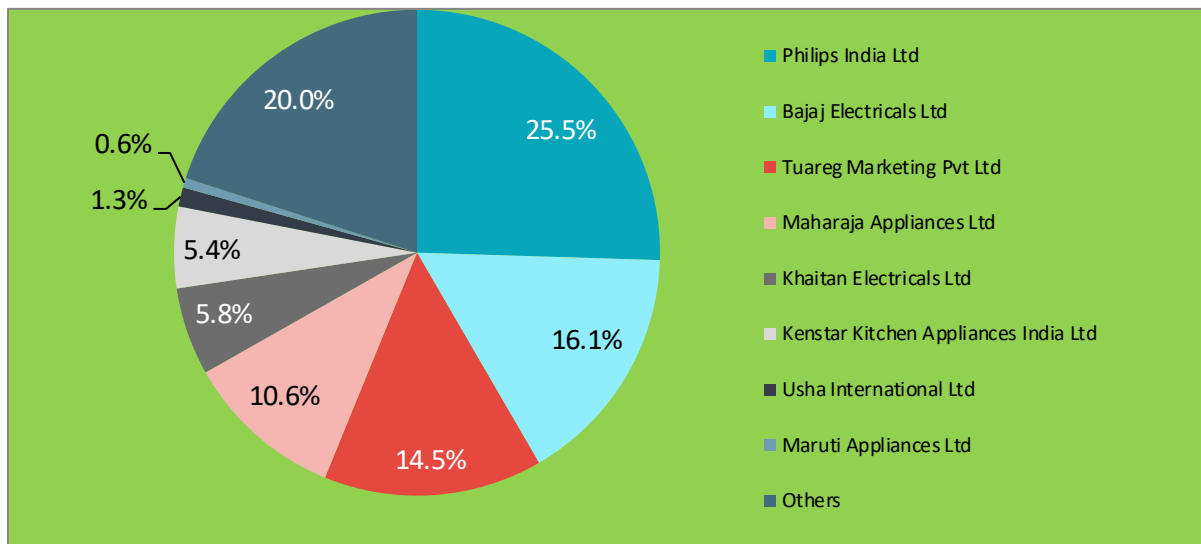
Food processor is a versatile kitchen appliance which is used to facilitate repetitive tasks in the preparation of food. It can perform multiple operations like chopping, grinding, puree, shredding, cutting and blending.

Exhibit 43: Food Processors:Market Size by Volume ('000 units) and Value (in INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

Exhibit 44: Brand Share (by Volume) 2018: Food Processors



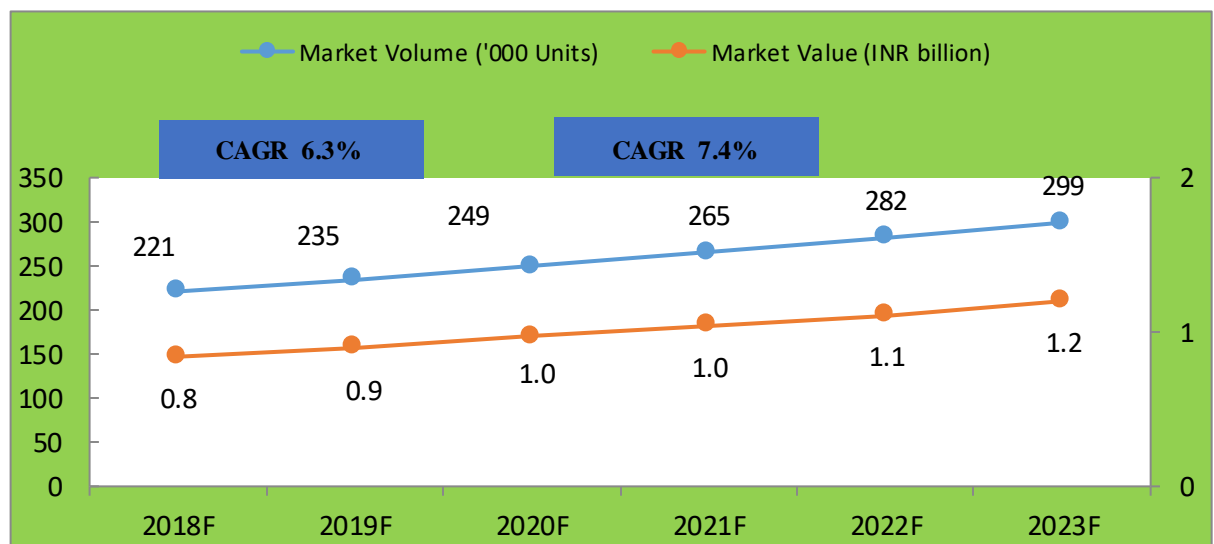
Source: Euro-monitor and Frost & Sullivan Analysis

JUICE EXTRACTORS

Juice Extractors	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	221	299	6.3%
Retail Value (INR Million)	839	1,191	7.4%
Average Price (in INR)	3,799	3,981	1.1%
Market Leader (2018)	Bajaj	(25.6% Retail Volume share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon, B&D	(3.8% Retail Volume share)	

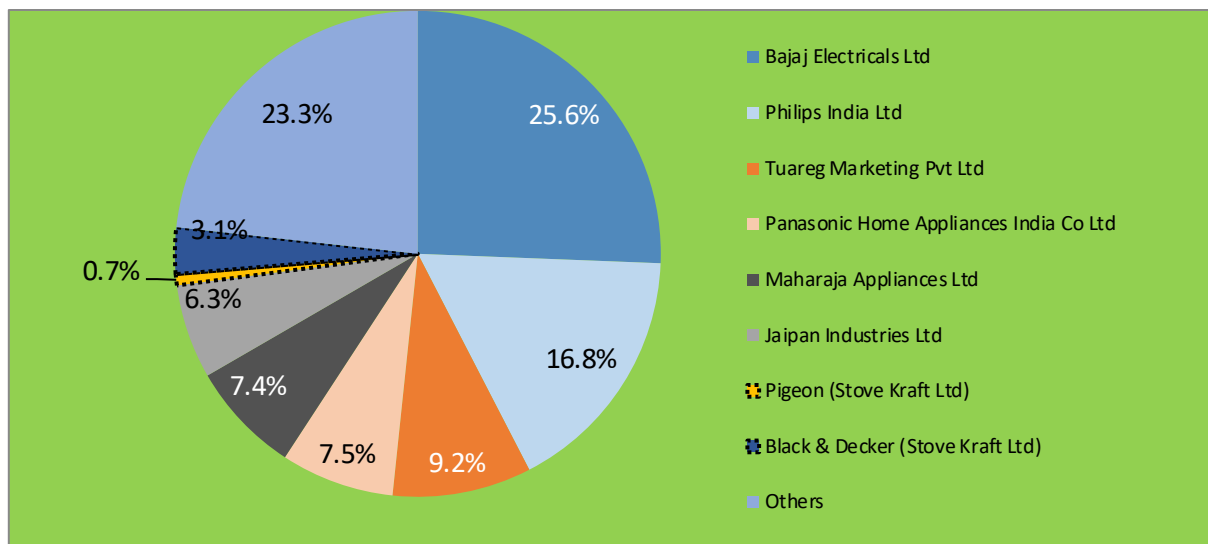
Juice extractors are kitchen appliances that extract the juice from whole fruits and vegetables, while the pulp and skin are left behind. A Centrifugal juicer can be noisy, and, because they are fast, and tend to heat up, is considered to somewhat affect nutritional value of the juice.

Exhibit 45: Juice Extractors: Market Size by Volume ('000 units) and Value (in INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

Exhibit 46- Brand Share (by Volume) 2018: Juice Extractors



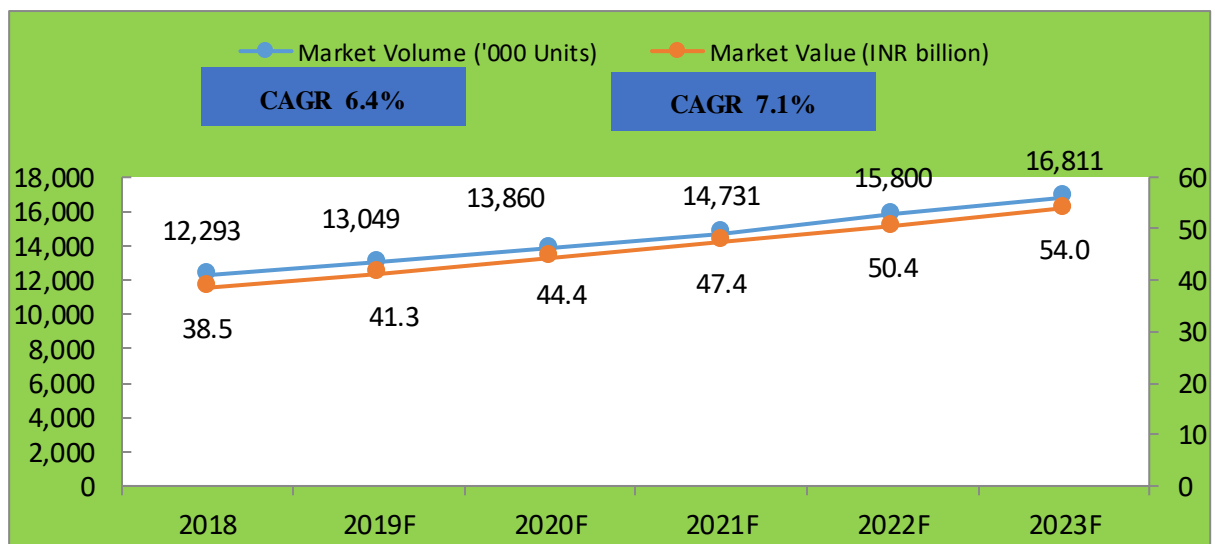
Source: Euro-monitor and Frost & Sullivan Analysis

MIXER-GRINDER

Mixer-Grinder	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	12,293	16,811	6.4%
Retail Value (INR Million)	38,527	54,038	7.1%
Average Price (in INR)	3,134	3,215	0.7%
Market Leader (2018)	Bajaj	(20.7% Retail Volume share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon	(2.7% Retail Volume share)	

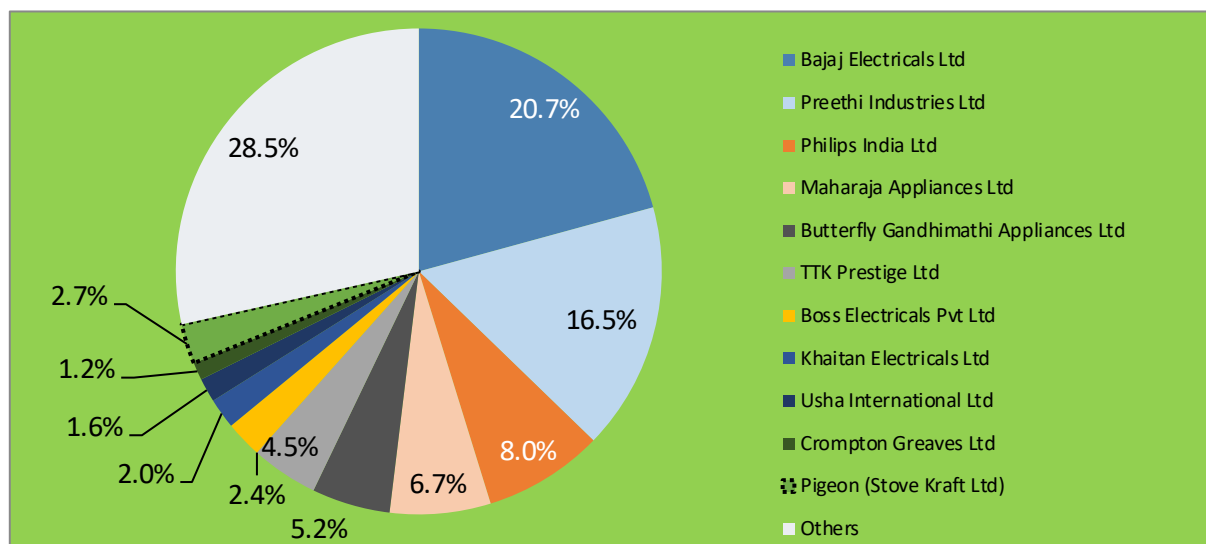
A mixer is a kitchen device that uses a gear-driven mechanism to rotate a set of "beaters" in a bowl containing the food or liquids to be prepared by mixing them. It is a kitchen appliance intended for mixing, folding, beating, and whipping food ingredients.

Exhibit 47: Mixer-Grinder: Market Size by Volume ('000 units) and Value (in INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

Exhibit 48: Brand Share (by Volume) 2017: Mixer-Grinder



Source: Euro-monitor and Frost & Sullivan Analysis

Other Non-Cooking Small Appliances:

In Indian households, there are two key categories in non-cooking small appliances that are slowly gaining foothold, mainly through the urban consumers' kitchen –

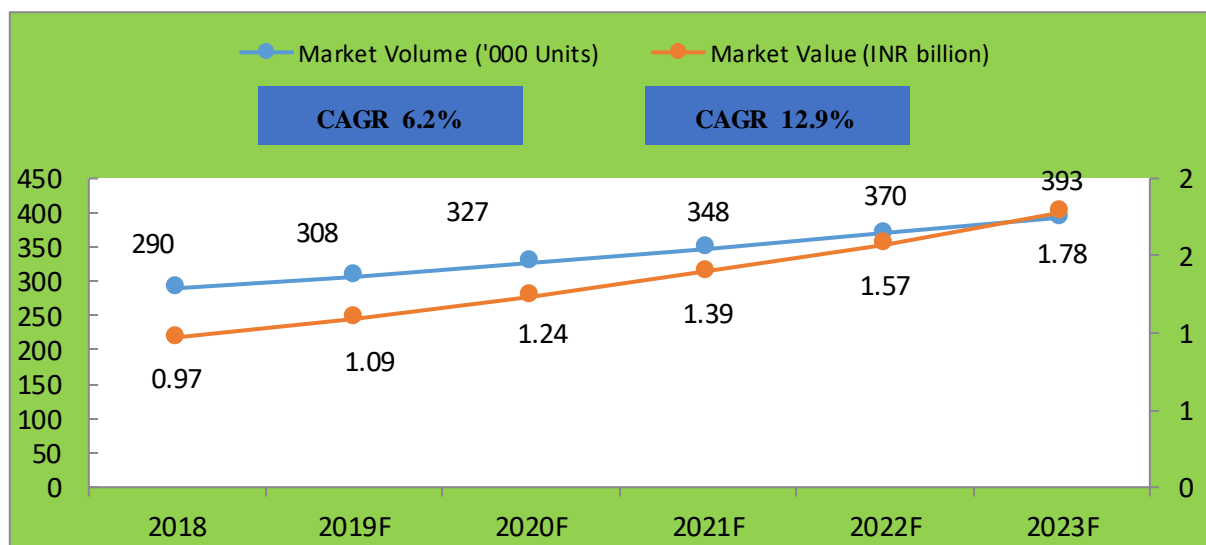
- Coffee Maker, and
- Electric Kettle

COFFEE MAKER:

Coffee Maker	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	290	393	6.2%
Retail Value (INR Million)	971	1,775	12.9%
Average Price (in INR)	3,348	4,512	6.2%
Market Leader (2018)	Bajaj	(28.9% Retail Volume share)	
Stove Kraft Ltd.'s Share (2018)	B&D	(6.6% Retail Volume share)	

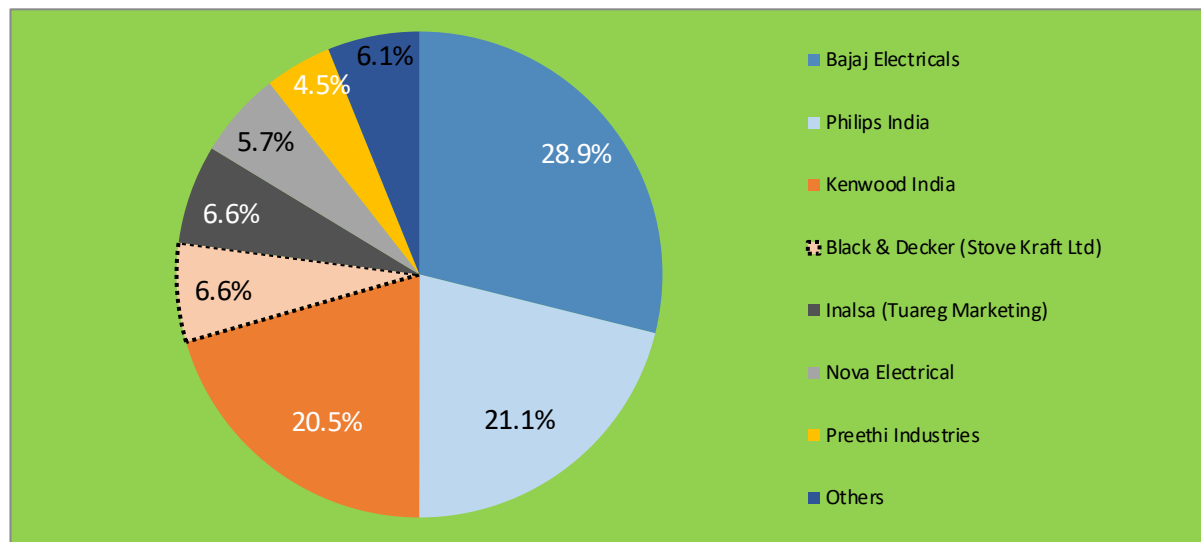
Coffee machines are electrical appliances used to brew coffee and work on different types of brewing processes.

Exhibit 49: Coffee-Maker: Market Size by Volume ('000 units) and Value (in INR billion)



Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

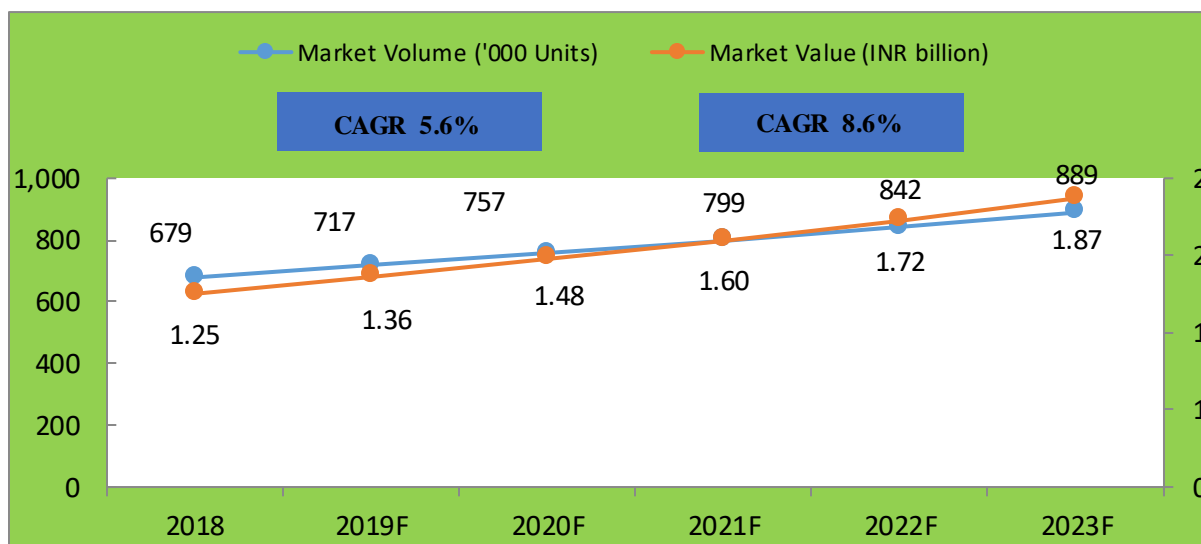
Exhibit 50: Brand Share (by Volume) 2018: Coffee Maker



Source: Euro-monitor and Frost & Sullivan Analysis

ELECTRIC KETTLE

Exhibit 51: Electric Kettle: Market Size by Volume ('000 units) and Value (in INR billion)

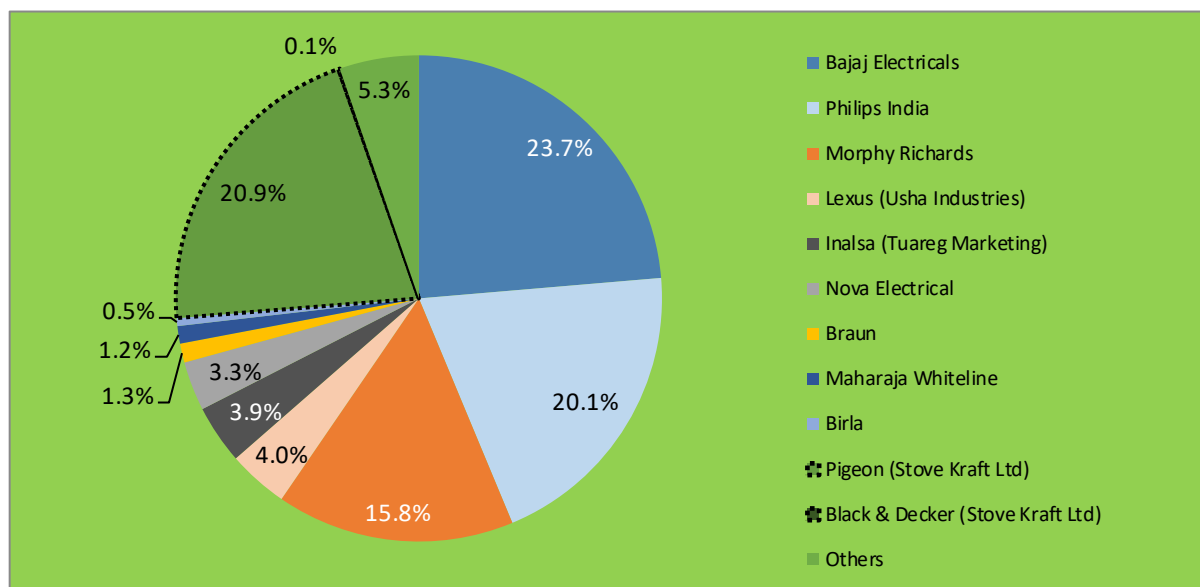


Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast

Electric Kettle	2018	2023F	CAGR (2018-2023F)
Electric Kettle	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	679	889	5.6%
Retail Value (INR Million)	1,252	1,873	8.6%
Average Price (in INR)			
Market Leader (2018)	Bajaj	(23.7% Retail Volume share)	

- 5.7.10 An Electric Kettle is a metallic pot specifically used for the boiling of water. The electric kettle has a spout, a lid and a handle. An electric kettle is just like the conventional kettle which was used in early times, but it is heated with the help of electricity.
- 5.7.11 In year 2018, Electric Kettles market recorded 0.67 million units' retail volume sales clocking total retail sales value of INR 1.25 billion. The category value sale is expected to grow at a CAGR of about 8.6% over forecast period 2018 - 2023 to reach value sales of INR 1.87 billion by end 2023.

Exhibit 52: Brand Share (by Volume) 2018: Electric Kettles



Source: Euro-monitor and Frost & Sullivan Analysis

- 5.7.12 Bajaj Electricals recorded the highest (retail volume) market share in 2017, followed by Phillips India and brand 'Pigeon' from the house of Stove Kraft Ltd. Stove Kraft Ltd. also initiated sales of premium range 'Electric Kettles' through the 'Black & Decker' channel.

6. BRIEF OVERVIEW OF NON-STICK COOKWARE MARKET IN INDIA

Non-Stick Cookware	2018	2023F	CAGR (2018-2023F)
Retail Volume ('000 units)	6,066	9,501	9.2%
Retail Value (INR Million)	8,221	18,644	16.2%
Average Price (in INR)	1,468	1,962	6.4%
Market Leader (2018)	TTK Prestige	(57.2% Retail Volume Share)	
Stove Kraft Ltd.'s Share (2018)	Pigeon	(12.4% Retail Volume share)	

- 6.1 The term 'Non-stick' in cookware, usually refers to the surface which is coated with a synthetic polymer called Polytetrafluoroethylene (PTFE) or with ceramic, anodized aluminium, enamelled iron which decreases the ability of other materials to stick to it. The term 'Teflon' coating has become synonymous with Non-stick coating in the market. Hence, non-stick cookware is often also addressed as Teflon coated cookware.

Exhibit 53: Non-Stick Cookware: Market Size by Volume ('000 units) and Value (in INR billion)

Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

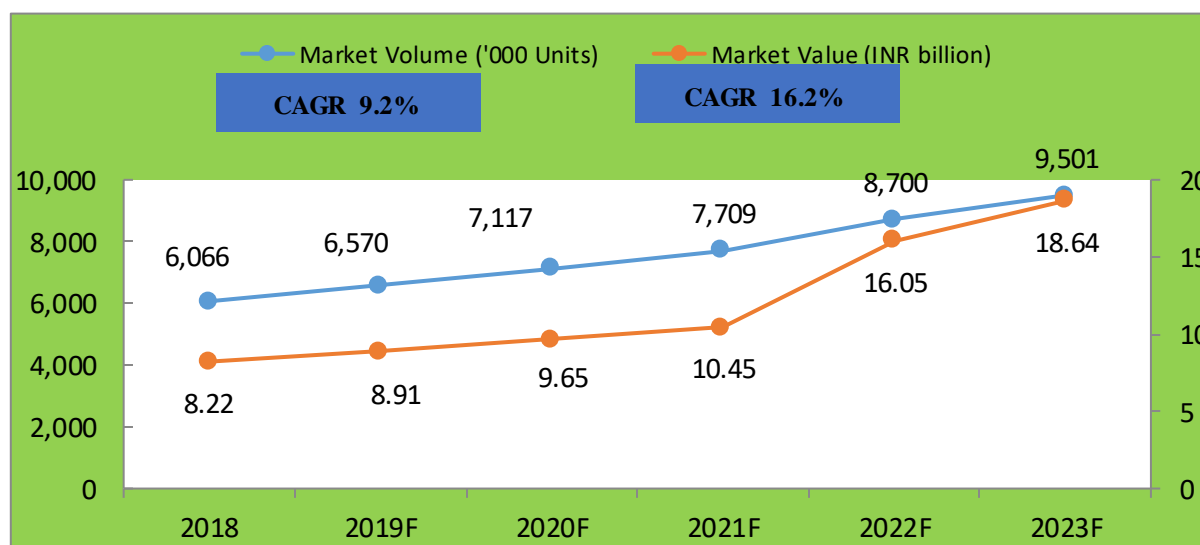
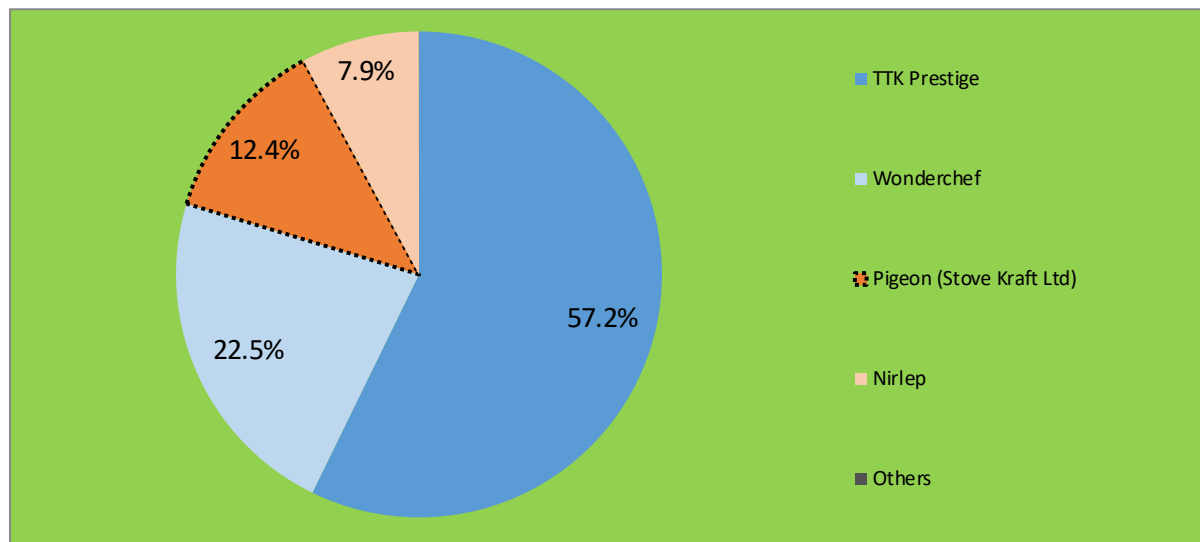


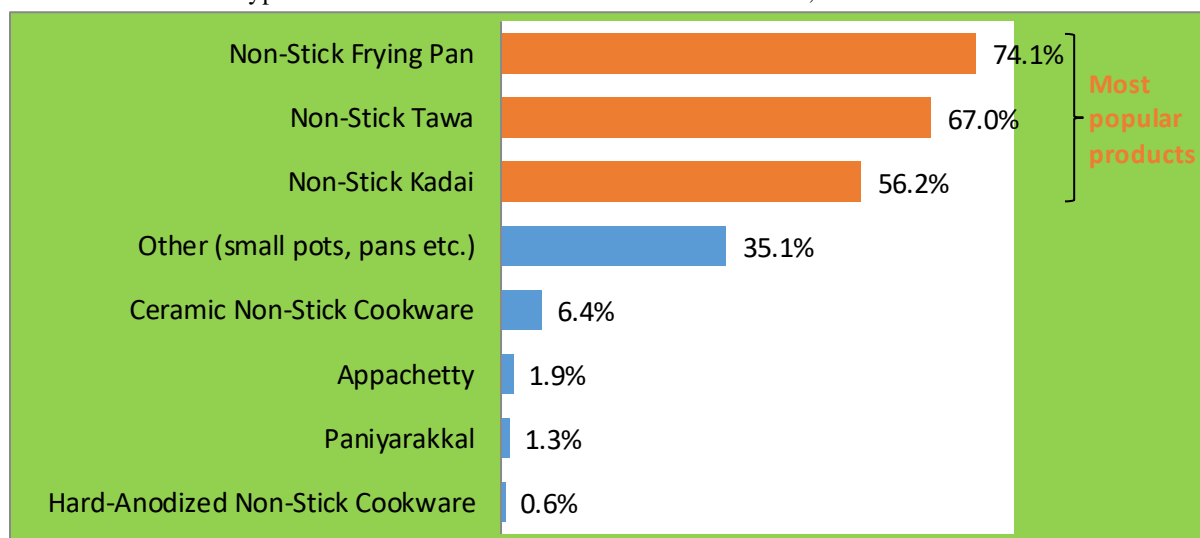
Exhibit 54: Brand Share (by Volume) 2018: Non-Stick Cookware



Source: Euro-monitor and Frost & Sullivan Analysis

- 6.2** In 2018, Stove Kraft Ltd. sold about 0.69 million non-stick cookware. It sells 'Non-stick cookware' mainly through its 'Pigeon' brand route. In terms of Retail Sales value, Stove Kraft Ltd. registered total sales of INR 695 million for its 'Non-Stick Cookware' category through brand Pigeon.
- 6.3** Most popularly used Non-stick cookware includes Tawa, followed by Kadai and frying pan. The latest trend-setting Hard anodized and ceramic non-stick cookware register prominent usage in Southern India, along with regional cuisine-making cookware like 'Appachetty' and 'Paniyarakkal'.

Exhibit 55: Types of Non-Stick Cookware used in Indian Kitchen, 2018



Source: Euro-monitor and Frost & Sullivan Analysis

- 6.4** Nirlep Appliances Limited, established in 1968, marked the launch of Non-Stick technology in India. Today, Nirlep and Stove Kraft Limited are the only players to have a roller coating line. While Stove Kraft Limited's roller coating line is completely automated, that of Nirlep is only partially automated.
- 6.5** In South India, TTK Prestige dominates the market, followed closely by Stove Kraft Limited, both having very strong brand equity in the region.
- 6.6** Stove Kraft Limited enjoys a prominent position in the Non-Stick cookware market, especially in the Southern region. Stove Kraft Limited also offers a special range of non-stick cookware which is induction cook-safe. The range includes the usual Pans, Tawa, and Pots and also offers special cookware like Appachetty and Paniyarakkal, focussed on catering to the regional cuisine of Southern India.
- 6.7** In its continuous bid for innovation aimed at product efficiency and user convenience, Stove Kraft Limited's latest offerings include a new MIO™ non-stick cookware range, which is developed using latest Italian technology that ensures high durability and smoothness of the products. The cookware in this range has 5 layer 'Scandia' coating,

comes with 1 year Warranty and includes Tawa, Kadai, Appachetty, Square Griddle as well as 2, 4, 6 and 8 piece gift sets.

7. BRIEF OVERVIEW OF SOME HOUSEHOLD UTILITY PRODUCTS

Most manufacturers operating in the Kitchen Appliances market in India, especially those which manufacture small kitchen appliances and food preparation appliances, are also involved in manufacturing and trading of some common Household utility items, the market for which is primarily unorganized, dominated by small local/regional players and Chinese manufacturers.

7.1 Floor Mop and Bucket

About 21% urban households in India currently use floor mop and bucket, which amounts to about 17 million units of the product being used in urban India. In terms of retail sales value, urban market size is estimated to be around INR 37 billion in 2017-18.

7.2 Dustbin

Dustbin usage is almost universal across all urban households in India. Current retail volume of dustbins (all types included), is estimated to be about 114 million. In terms of retail sales value, urban market size is estimated to be around INR 216 billion in 2018-19.

7.3 Ladders

7.3.1 Ladders are commonly used in households for attending to ceiling fixtures like lights, fan etc., or for placing or taking off things from shelves/lofts located at significant height. In terms of retail sales value, urban market size is estimated to be around INR 57 billion in 2018-19.

Source: Primary research & data analysis by Frost & Sullivan

7.4 Clothes Drying Stand

7.4.1 Use of clothes-drying stands in Indian households is still in its preliminary stage, as most still prefer to use the balcony or roof railings and ropes attached to them, for hanging washed clothes to dry. Currently, just about 28% of urban Indian households use clothes drying stand, which amounts to about 24 million units of the product being used in urban India. In terms of retail sales value, urban market size is estimated to be around INR 52 billion in 2018-19.

7.4.2 Clothes Drying Stands are usually made of metal – iron, steel, or aluminium. Average Retail unit price starts from around INR 1,000, and can range up to INR 10,000.

7.5 Water Bottles and Flasks

Water bottles are used for transporting and storage of drinking water, and almost all urban households currently have at least one or more water bottles. In terms of retail sales value, the current market estimates of the overall Water Bottle and flask categories are INR 242 billion and INR 250 billion and INR 144 billion, respectively, in 2018-19.

7.6 Emergency Lamps

With the increasing adoption of emergency lighting in residential areas, companies are focusing on increasing their portfolios dedicated to this sector. Small (portable) emergency lamps usage penetration in urban Indian households is estimated to be about 23%, which translates to market volume of 20 million. In value terms it's estimated at INR 71 billion in 2018-19.

8. SNAPSHOT: KEY PRODUCT CATEGORIES IN INDIAN KITCHEN APPLIANCES MARKET

Product Categories:	Market Size: Retail Volume (2018)	Market Size: Retail Volume (2023F)	CAGR* (2018-2023F)	Market Size: Retail Value (2018)	Market Size: Retail Value (2023F)	CAGR* (2018-2023F)	Market Leader Company (2018)	Market Share of Market Leader (2018)	Market Share of Stove Kraft Ltd. (2018)
	'000 units	'000 units	%	INR million	INR million	%		%	%
Large Appliances									
Cooking									
	12,191	18,004	8.0%	88,709	155,906	11.9%			
1 Built in Hobs	245	371	8.5%	3,899	6,382	10.2%	Faber	20.3%	3.4%
2 Free-Standing Hobs	9,216	12,651	6.5%	46,282	72,513	9.4%	Stove Kraft Ltd.	19.0%	19.0%
3 Cooker Hoods	1,361	2,486	13.0%	19,136	38,381	15.0%	Faber	22.9%	4.8%
4 Cook Tops	1,369	2,495	12.9%	19,392	38,629	14.8%	Stove Kraft Ltd.	25.0%	25.0%

Small Appliances		Cooking								
		45,495	61,925	6.5%	74,445	106,309	7.5%			
1	Pressure Cooker	26,930	36,719	6.7%	15,110	22,531	8.3%	TTK Prestige	47.9%	8.1%
2	Electric Cooker	1,944	2,566	5.9%	3,918	5,238	6.1%	Panasonic	34.7%	4.7%
3	Blender	1,090	1,476	6.2%	3,208	4,334	6.3%	Phillips	44.3%	0.5%
4	Food Processor	2,048	2,772	6.2%	10,620	15,330	7.6%	Phillips	25.5%	-
5	Juice Extractor	221	299	6.3%	839	1,191	7.4%	Bajaj	25.6%	3.8%
6	Mixer Grinder	12,293	16,811	6.4%	38,527	54,038	7.1%	Bajaj	20.7%	2.7%
7	Coffee Maker	290	393	6.2%	971	1,775	12.9%	Bajaj	28.9%	6.6%
8	Electric Kettle	679	889	5.6%	1,252	1,873	8.6%	Bajaj	23.7%	21.0%
Non-Stick Cookware										
1	Non-Stick Cookware	6,066	9,501	9.2%	8,221	18,644	16.2%	TTK Prestige	57.2%	12.4%

*Forecast Period: 2017-2022 (Data Source: Euro-monitor and Frost & Sullivan Analysis)
Source: Euro-monitor and Frost & Sullivan analysis. Time Series represents Calendar years. F=Forecast.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled “Forward Looking Statements” on page 13 for a discussion of the risks and uncertainties related to those statements and also the section titled “Risk Factors” on page 18 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward looking statements. Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the twelve month period ended March 31 of that year. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements included in this Draft Red Herring Prospectus on page 164.

You should carefully consider all the information in this Draft Red Herring Prospectus, including this section, “Risk Factors”, “Industry Overview”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 18, 87, 164 and 225, respectively, before making an investment in the Equity Shares. In this section, any reference to the “Company” “we”, “us” or “our” refers to Stove Kraft Limited, unless otherwise specified. Unless otherwise stated, the financial information of our Company used in this section has been derived from our Restated Financial Statement. Unless noted otherwise, some of the information in this section is obtained or extracted from F&S Report on our request.

Overview

We are a kitchen solutions and an emerging home solutions brand. Further, we are one of the leading brands for kitchen appliances in India, and are one of the dominant players for pressure cookers and amongst the market leaders in the sale of free standing hobs and cooktops (*Source: F&S Report*). We are engaged in the manufacture and retail of a wide and diverse suite of kitchen solutions under our *Pigeon* and *Gilma* brands, and propose to commence manufacturing of kitchen solutions under the *BLACK + DECKER* brand, covering the entire range of value, semi-premium and premium kitchen solutions, respectively. Our kitchen solutions comprise of cookware and cooking appliances across our brands, and our home solutions comprise various household utilities, including consumer lighting, which not only enables us to be a one stop shop for kitchen and home solutions, but also offer products at different pricing points to meet diverse customer requirements and aspirations.

As of October 31, 2019, our *Pigeon* branded products contributed 80.86% to our overall sales and for Fiscal 2019, Fiscal 2018 and for the six month period ended September 30, 2019, *Pigeon* branded products contributed 81.24%, 86.89% and 80.86% to our overall sales respectively and were amongst the leading brands in the market for certain products such free standing hobs, cooktops, non-stick cookware, LPG gas stoves and induction cooktops (*Source: F&S Report*). Similarly, as of October 31, 2019, the six month period ended September 30, 2019 and for Fiscal 2019 and 2018, our *Gilma* branded products contributed 2.34%, 2.36%, 3.75% and 5.58% of our overall sales, respectively and our *BLACK + DECKER* products contributed 2.59%, 2.37%, 2.67% and 0.88% of our overall sales, respectively. Our *Gilma* portfolio comprises chimneys, hobs and cooktops across price ranges and designs. We believe we have been able to leverage the distribution network of our *Pigeon* branded products, and their brand recall value to enter new product segments and markets. In 2016, we further diversified the *Pigeon* brand by launching LED products under it and in 2019, we commenced manufacturing LED products at our Bengaluru Facility. We maintain a continuous focus on the development of our brands, and invest significant resources towards their growth and outreach. Further, our dedication to R&D, quality and customer satisfaction, our in-house servicing capabilities and our owned maintenance and service network also contribute to the market perception of our brands and products.

Our flagship brands, *Pigeon* and *Gilma*, have enjoyed a market presence of over 14 years and enjoy a high brand recall amongst customers for quality and value for money. *Pigeon* has been listed as one of the “India’s Most Admired Brands 2016” by White Page International. As a result of our co-branding initiative over 7 years with LPG companies such as Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited to utilize their sale and distribution channels, our *Pigeon* brand has enjoyed a wide customer outreach and continues to have a high brand recall value. As of the date of this Draft Red Herring Prospectus, we manufacture and retail a wide and diverse range of affordable (value segment), quality products under our *Pigeon* brand, including, *inter alia*, cookware, cooking appliances and household utilities (including consumer lighting). We currently offer a wide range of products such as chimney, hobs and cooktops under the *Gilma* brand, which is targeted at the semi-premium segment.

In addition to our established presence in the value and semi-premium segments through the *Pigeon* and *Gilma* brands, we also entered the premium segment in 2016 pursuant to our exclusive *BLACK + DECKER* Brand Licensing Agreement with Stanley Black & Decker, Inc. and The Black and Decker Corporation, which enables us to exclusively retail, and provide post-sales services in relation to, a wide range of products such as blenders and juicers, breakfast appliances, small cooking appliances and small domestic appliances (as defined under the *BLACK + DECKER* Brand Licensing Agreement) in India under the *BLACK + DECKER* brand, up to December 31, 2027. We are yet to commence manufacturing under the *BLACK + DECKER* brand.

As of October 31, 2019, we manufacture 68.60% of our *Pigeon* and *Gilma* branded products (in terms of number of units) at our well-equipped and backward integrated manufacturing facilities at Bengaluru (Karnataka) and Baddi (Himachal Pradesh), which enables us to control and monitor the quality and costs. Our Bengaluru Facility is spread over approximately 40 acres and 16 guntas, out of which 27 acres and 22 guntas is available for future expansion. As of October 31, 2019, it had an installed annual production capacity of 19.50 million units, with the capability to manufacture products in the pressure cookers, non-

stick cookware (roller coated and spray coated), LPG stoves, mixer grinders, LED bulbs, iron and induction cooktops categories. Similarly, as of October 31, 2019, our Baddi Facility, focused on the Oil Company Business, which includes manufacturing and co-branding of products with such Companies, (“OCB”) has an installed capacity of 2.8 million units per annum, with the capability to manufacture products such as LPG stoves and inner lid cooker.

For certain product categories and sub-categories which do not enjoy economies of scale in India, we engage in sourcing from third party OEMs outside India. For sourced products, we have a dedicated team to undertake inspection and ensure that such products are built to suit our specifications in terms of design and quality. For Fiscal 2019, such products which are retailed under our brands but sourced from third-party manufacturers, such as chimneys, hobs, irons, air coolers, kettles, water bottles, flasks, chairs, rice cookers, etc., contributed 31.40% to our turnover, as compared to 29.60% for Fiscal 2018.

We have a separate distribution network for each of our *Pigeon*, *Gilma* and *BLACK + DECKER* brands. Further, there is a separate distribution network for the *Pigeon* LED products. As of October 31, 2019, our manufacturing facilities in Bengaluru and Baddi are well connected with 13 strategically located C&F agents. Additionally, we have 429 distributors in more than 24 states of India and 10 distributors for our products that are exported as of October 31, 2019. As of October 31, 2019, the C&F agents and distributors are, in turn, connected with a dealer network comprising of over 38,090 retail outlets, which are driven through a sales force of 701 personnel. We have entered into commercial arrangements with retail chains such as Metro Cash And Carry India Private Limited for the sale of our *Pigeon* branded products from several of their retail outlets in India. Further, we have also entered into agreements with e-commerce platforms such as Flipkart India Private Limited, for the sale of our products on their portals. Outside of India, we export our products which are manufactured by us to retail chains in the United States of America.

Our *Gilma* brand products are sold through exclusively branded outlets owned and operated by franchisees. As of October 31, 2019, there were 62 such stores spread across five states and 28 cities, with a presence in the urban market in south India. *Gilma* stores are designed to be ‘experience’ stores.

As of October 31, 2019, we have a dedicated service team of 271 personnel to address service calls for all our brands. Our CRM software enables us to track customer requests, pre-installation and post-sales support to ensure customer satisfaction. Specifically for our *Gilma* products, we have a mobile application which enables our customers to register themselves and raise requests for installation and post-sales services through the app. For *Pigeon* and *BLACK + DECKER* products, our customers can reach our Company through toll free numbers, giving missed calls, sending us emails on the customer care ID, sending an SMS to our dedicated number or through our dealers and trade partners.

Our Company was founded by our Promoter, Rajendra Gandhi, a first generation entrepreneur with over 20 years of experience in the kitchen appliances industry. We believe that the sector-specific experience and expertise of our senior management has contributed significantly in the growth of our Company.

For Fiscal 2019 and for the six month period ended September 30, 2019, our revenue from operations as per our Restated Financial Statements was ₹6,409.38 million and ₹3,155.07 million, respectively, EBITDA was ₹298.22 million and ₹187.55 million, respectively and restated profit for the period / year was ₹7.36 million and ₹43.89 million respectively. Our loss after tax in Fiscal 2017 of ₹185.03 million is now a restated profit of ₹7.36 million in Fiscal 2019 and ₹43.89 million for the six month period ended September 30, 2019. Between Fiscals 2017 and 2019, our EBITDA increased from ₹49.27 million in Fiscal 2017 to ₹298.22 million in Fiscal 2019. Our EBITDA stood at ₹187.55 million for the six month period ended September 30, 2019.

Our Competitive Strengths

A one stop shop for well recognized, award winning portfolio of kitchen solutions brands with a diverse range of products across consumer preferences.

Since our inception in the year 1999, we have grown from a single brand small LPG stove manufacturing company to become one of India’s leading manufacturers of kitchen appliances, with revenue from operations of ₹6,409.38 million and ₹3,155.07 million in Fiscal 2019 and for the six month period ended September 30, 2019, and a presence in 24 states of India and 12 countries across the world. Our brand portfolio, comprising of the *Pigeon*, *Gilma* and *BLACK + DECKER* brands caters to the value, semi-premium and premium customer segments in the kitchen solutions industry, and allows our customers to engage with the brand specifically designed for their budget and lifestyle. Our award winning *Pigeon* brand is well established in the Indian kitchen appliances industry. As a result of our co-branding initiatives of over 7 years with LPG companies such as Indian Oil Company Limited and Hindustan Petroleum Corporation Limited to utilize their sale and distribution channels, the *Pigeon* brand has enjoyed a wide customer outreach and continues to have a high brand recall value. In this regard, the *Pradhan Mantri Ujjwala Yojana*, which is a scheme of the Ministry of Petroleum & Natural Gas, GoI for providing LPG connections to women from BPL households, has enabled us to increase volume sales and reach the interior regions of the country (Source: F&S Report). We believe that the existing market presence and strength of the *Pigeon* brand has been instrumental in enabling us to successfully enter into home solutions vertical with products like LED products in 2016.

Our *Gilma* brand is focussed on offering the semi-premium experience to our customers with a wide variety of products such as chimneys, hobs, glass cooktops etc. In September 2016, we entered into the *BLACK + DECKER* Brand Licensing Agreement with Stanley Black & Decker, Inc. and The Black and Decker Corporation, a diversified global provider of hand tools, with a

large presence in the small domestic appliances space. We believe that our tie-up with Stanley Black & Decker, Inc. and The Black and Decker Corporation will enable us to penetrate the premium segment of the kitchen appliances industry, and contribute significantly in the recognition, demand and growth of our overall brand portfolio.

We engage in a wide range of marketing and advertising activities, including in-shop displays, merchandising, kiosks, live demo stands, social media marketing, which enable us to maintain the popularity and recall value of our brand portfolio. We also maintain an in-house team of 15 personnel who continuously engage with various publications, TV channels and other media to coordinate our marketing efforts. We believe that we have undertaken the diversification of our product portfolio on the basis of the needs of the customers, and we regularly seek their insights and feedback to ensure that our product range is optimized to suit the needs of our customers.

Widespread, well connected distribution network with a presence across multiple retail channels and a dedicated after-sales network.

We believe that the integration of our supply chain and distribution network with our manufacturing facilities provides us with a competitive advantage over other players in the Indian kitchen appliances industry. As of October 31, 2019, our manufacturing facilities in Bengaluru and Baddi are well connected with 13 strategically located C&F agents. Additionally, we have 429 distributors in more than 24 states of India as of October 31, 2019. The C&F agents and distributors are, in turn, connected with a dealer network comprising of over 38,090 retail outlets, which are driven through a sales force of 701 personnel as on October 31, 2019. In addition to independent third-party retail stores, we have also partnered with major Indian retailers for the sale of our products, and for Fiscal 2019, our products are available in retail chains such as Metro Cash And Carry India Private Limited. We have also partnered with e-commerce retailers such as Flipkart India Private Limited for the sale of our *Pigeon* branded products on their portals. As of October 31, 2019, our *Gilma* brand products are sold exclusively through 62 Gilma stores located across 28 cities in five states. Internationally, our products are exported to 12 countries including UAE, Qatar, Bahrain, Kuwait, Iran, Tanzania, Uganda, Nepal, Philippines, Sri Lanka, the United Kingdom and the Netherlands in Fiscal 2019 and the six month period ended September 30, 2019. Further, we supply our products to retail chains in the United States of America and we also undertake original equipment manufacturing for retail chains in the United States of America and Mexico under their brands. In Fiscal 2016, our inherent skill to scale led us to foray into a new line of business, i.e. LED products. Our Company started trading in LED products and in a span of 36 month, achieved a revenue of ₹499 million. This led to our Company beginning the manufacturing of LED products in June, 2019 and achieving total revenue of ₹147 million as of October 31, 2019. As of October 31, 2019, we hold registered design in relation to our super cooker, which further showcases our innovative approach.

We strive to balance product availability and inventory levels such that we can continue to deploy resources in a value-creating manner, and believe that our wide presence generates economies of scale and contributes to the effective cost structure of our Company. We believe that even with our vast geographical outreach, our operations have the ability to quickly respond to a complex web of suppliers and trade customers, changing consumer preferences and constantly fluctuating demand. Our sales team, comprising of 701 employees as of October 31, 2019, are constantly monitored and well connected through sales force automation. We have also implemented BIZOM, a secondary sales software which enables us to track and capture the secondary movement of our field sales executives and servicing engineers in the market in real time. We have also implemented the 'Bizom' software across our operations for the real time distribution management. Being technology driven enables us to gain a deep understanding of the market trends in the kitchen solutions industry and shifts in customer preferences, and enables us to expand strategically and with agility.

We strive to ensure that the quality of our products is complemented by the after-sales services provided to our customers across segments, through a dedicated centralized CRM, and a large team of in-house service personnel to cater to the requirements of our customers. We utilise a distributor management system (DMS), which helps the organisation to track secondary and tertiary sales and maintain inventory level at the distributor's centre. As of October 31, 2019, our servicing team comprised of 271 employees, with full in-house capabilities.

Strong manufacturing capability with efficient backward integration.

We believe the scale at which we undertake the manufacture of our products, combined with our raw material sourcing, packaging, transportation practices and quality control, enables us to derive higher margins from the sale of our products. Our Bengaluru Facility is a large facility for the manufacture of kitchen solutions, which is spread over approximately 40 acres and 16 guntas with 27 acres available for future expansion. It is an integrated facility comprising of nine manufacturing units, tailored to manufacture pressure cookers, non-stick cookware, hard anodized cookware, mixer grinders, induction cooktops, LPG stove and glass cooktops. Further, our Company has also commenced manufacturing LED products in our Bengaluru Facility. For Fiscal 2019, it had an aggregate integrated capacity of 19.50 million units per annum. It is also one of the few facilities in India to have a fully automated roller coating line for the manufacture of non-stick cookwares (*Source: F&S Report*). Our manufacturing facilities are backward integrated. We have the ability to manufacture components such as bakelite handles, sheet metal components, moulded parts, die cast parts, moulds, dies and fixtures in house for the manufacture of our products. We believe the backward integration of our manufacturing facilities has reduced our dependence on third party suppliers and OEMs for such components.

Our Baddi Facility, which has been operational since 2005 and engaged with our Company ever since, has an annual installed capacity of 2.80 million units per annum, with the capability to manufacture products in the LPG stove and glass cooktop

categories. Both our manufacturing facilities are ISO 9001:2015 certified for implementing quality management systems.

Consistent focus on quality and innovation.

We believe that quality is a pre-requisite for a positive consumer experience and long-term brand loyalty. This philosophy has formed the foundation of the expansion and diversification of our product portfolio since our inception. Our focus on quality is maintained at all stages – right from the sourcing of raw materials, which is undertaken from manufacturers to the product development and manufacturing stage, which is subject to a rigorous review and monitoring process undertaken at our Bengaluru Facility. For products which are sourced by us from third party OEMs, we have a dedicated sourcing team and quality assurance team based out of China, which closely monitors the quality of such products. Our efforts to maintain the quality of our products have been well recognized in the industry, and we have been awarded the ‘Gold Award’ by Quality Circle Forum of India (Bengaluru chapter) in the years 2013 and 2014.

Over the years, based on our experience we have focussed on investing in experience based product innovations that are most relevant in creating the best consumer experience. The year on year expansion and optimisation of our product portfolio has also been innovative, and we have added segments based on shifts in consumer preferences and market demand. As of October 31, 2019, we have a dedicated in-house R&D facility, comprising of 13 personnel, and we have progressively increased our investment in R&D in the last few years. To further our efforts in innovation, in the past, we had also entered into tie-ups with foreign companies for technology enablement and tech knowhow agreements with them from Fiscal 2013 to Fiscal 2015. As a result of our focus on innovation, we developed the ‘Super Cooker’ which has a registered design and is customizable into products with multiple utilities. We have also developed the ‘Super Storm Advanced’ mixer grinder, with forced air cooling technology, and the ‘Infinity’ glass cooktops with a fastener free body.

Professional management with successful track record and extensive experience in the kitchen solutions industry, and a young and dynamic workforce.

We are a professionally managed company with a track record of corporate governance and robust internal controls. Our strong corporate culture that originates from the founder of our Company, Rajendra Gandhi, who is a first generation entrepreneur with over 20 years of experience in the kitchen appliances and home appliances industry. We have a qualified and competent leadership team. Our Chief Financial Officer, Company Secretary and Compliance Officer, Shashidhar SK, has over 25 years of experience in the corporate finance and corporate governance fields, and has previous experience of working with *interalia* WaterHealth India Private Limited, Tata Advanced Materials Limited and Craigmore Textiles Private Limited, our Chief Operating Officer, Maheshkumar C. has over 20 years of experience and has previously worked with Toyota and our Head of Corporate Planning, Venkitesh N., has over 25 years of experience in the manufacturing sector, having previously worked with BPL Limited. Our Company’s capable management team has an average of more than 17 years of experience

While core functions are centralized, we have focused management teams as well as shared management teams which manage the different brand portfolios, and our product heads have significant expertise in their respective product categories. In addition to the experience of the senior management and staff, we believe we benefit significantly from the youth and dynamism of our workforce, which comprises of a majority of young professionals such as Rohit Mago and Manoj N.G. who are also part of our Key Managerial Personnel. For further details, see “Our Management- Brief profiles of our Key Managerial Personnel” on page 155.

Strong track record and financial stability.

We have maintained a strong track record of growth over the years through expansion of brand portfolio, distribution network, improved procurement costs and increase in sales growth. Our operational efficiencies and efficient supply chain network has resulted in better control of operational expenses and thereby enabled rise in profits after tax. Further, we have been able to capitalize on our existing logistics, supply chain network and backward integrated manufacturing facilities to utilize our capital efficiently.

Over the past few years, we have added manufacturing and warehousing infrastructure, scaled up our retail franchise operations, added a number of new product categories and entered new customer segments. We believe that these initiatives have prepared a strong base for future growth. Our loss after tax in Fiscal 2017 of ₹185.03 million has is now a restated profit/(loss) for the period / year of ₹7.36 million in Fiscal 2019 and ₹43.89 million for the six month period ended September 30, 2019

Strategies

Increase our geographical reach and expansion of addressable market

We continually seek to enhance our addressable market through our network of 38,090 retail outlets, 429 distributors and 13 C&F agents across the country, as of October 31, 2019. Our erstwhile sales channel comprised of super distributors and their business partners and was limited to the extent of their reach. However, since 2014, we have started appointing C&F agents to undertake our stocking and distribution, enabling us to reach our customers faster by reducing transportation time, optimise inventory, and limit trade over-dues.

Toward this objective, we have also engaged a leading management consulting firm to undertake a project to improve our distribution operations and productivity of our salesforce, as part of improving our sales, collect and analyse secondary sales

data. We believe that this project will enhance our network, penetration, distribution and effectively, maximise revenues from the sale of our products.

Further, a large untapped customer base has surfaced with the advent of several Government initiatives such as Pradhan Mantri Ujjwala Yojana, which has provides for free LPG connections (*Source: F&S Report*). These initiatives will provide us with an opportunity to increase our market share. As one of the leading cooktop manufacturers in the country (*Source: F&S report*), we look forward to leverage this vast network of rural households.

Scale up branding, promotional and digital activities

Our wide spread presence and scale of operations allows us to increasingly focus on branding and promotional activities to enhance our visibility in the cookware and kitchen appliances industry. While our consumer brands are well established and enjoy a high brand recall amongst our customers, we seek to continue to enhance brand awareness and customer loyalty through our promotion and marketing efforts such as increased advertising in print and social media, retail branding, product branding, hyperlocal activities, factory visits for our trade partners, substantially increasing our digital presence and engagements, generating contemporary educational content and engaging in brand associations.

With 481 million Internet users in India as on December 2017 (*Source: F&S Report*), there is access to information. The digital platform and social media has enabled us to reach and engage with a wider audience and also customise product offering to our prospective customers. We believe that our consumer-focused products and product information along with our well recognized brands increase customer confidence in our products and influences our customers' buying decisions.

Expand our portfolio in the existing product categories

Our product portfolio under the brand Pigeon consists of four categories - cookware, cooktops and other solutions, small kitchen appliances and home utilities aiding different functions and utilities in the kitchen and home. We have consistently focused on expanding and optimising our product range to offer utility, a range of features and value for money. We seek to utilise our research and development capabilities to develop new products to cater to the evolving requirements of a large customer base and cover newer customer segments.

India has a relatively young demographic profile, with a median age of 27.3 years and 850 million of the country's population will be in the age group of 35 years or below, making India the globe's youngest population by 2020 (*Source: F&S Report*). With increase in overall per capita income (*Source: F&S Report*) they have a significant impact on kitchen appliances and cookware market (*Source: F&S Report*). Being technology driven enables us to gain a deep understanding of the market trends in the kitchen solutions industry and shifts in customer preferences, and enables us to expand strategically and with agility.

As of Fiscal 2019 and the six month period ended September 30, 2019, traded products contribute to 31.63% and 29.82%, respectively of our sale of products. We propose to significantly increase this proportion to enable us to provide a large assortment of products across categories and sales channels, drive sales volumes faster and increase our market share.

Invest in new plants and increase automation in existing manufacturing facilities

We have two backward integrated manufacturing facilities in Bengaluru and Baddi with dedicated plants for each of our core product categories - LPG cooktops, aluminum pressure cookers, non-stick cookware, induction cooktops and mixer grinders. These robust facilities with a constant focus on technology upgradation are equipped to manufacture a wide and diverse range of products, as well as several components used in our products. We propose to increase the level of automation at our facilities as we believe that would enable us to achieve greater efficiency in reducing time taken for and the cost of manufacturing our products, from design to commercial production and, in our in-house testing and quality assurance processes, resulting in higher profit margins.

The increase in per capita disposable incomes is fuelling the growth of newer segments of categories and products across different demographics. To enhance our market share, we propose to invest in new plants, with high degree of automation, specifically for the manufacture of new classes of products where economies of scales are rapidly evolving viz. electric irons, wet grinders, stainless steel pressure cookers, bucket mops etc. We also intend to focus on manufacturing value added products across product verticals ensuring our presence in each rung of the value chain. We have introduced a new line of cookers to service the increasing demand for these products. To further our aim of greater efficiency, we have also automated our roller coating unit in the Bengaluru Facility to increase productivity.

Focus on and augment our LED consumer lighting business

Owing to the increasing government initiatives to boost LED adoption and growing awareness regarding lower power consumption of LED lighting products, the LED lighting market is expected to grow significantly in India. We seek to capture this growing demand for LED lighting products with our range of consumer lighting products including bulbs, battens, downlight and panels. In a short span of three years, we have leveraged the strength of our brand 'Pigeon' and our capabilities to scale up a large distribution network in the southern states of India. We will continue to introduce a wider range of LED lighting products for different end-use segments and expand to newer and broader geographies. Further, we are leveraging our manufacturing strength and have established a fully automated LED assembly unit for LED bulb and battens in our Bengaluru

Facility.

Increase exports

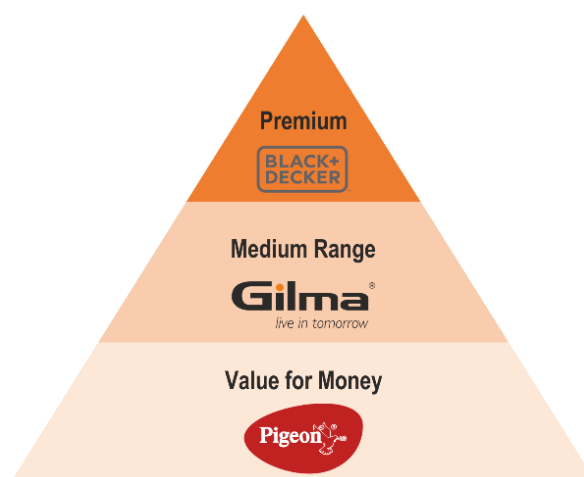
As of September 30, 2019 and March 31, 2019, our export sales contributes to 6.68% and 8.67% of our revenue from operations. With our manufacturing and technological competence in non-stick cookware, we are globally competitive to cater to both the developed and the developing markets. Our presence is currently spread across 12 countries including USA, Mexico, UAE, Qatar, Bahrain, Kuwait, Iran, Tanzania, Uganda, Nepal, Philippines, Sri Lanka, the United Kingdom and the Netherlands. We seek to expand our global reach, through constant innovation and increased customer acceptance of our products in international markets.

Tie up with a renowned consultancy firm for improving overall operational efficiency

The company has tied up with a renowned consultancy firm for a business transformation programme to improve overall operational efficiency through integrated planning, ramp up of organisation structure and productivity and SAP implementation and support. This programme aims to create a single platform to drive all revenue enhancement and cost reduction initiatives of our Company.

Our Products and Brands Overview

Our products are sold under three brands, viz. *Pigeon*, *Gilma* and *BLACK + DECKER* to cater to the value, semi-premium and premium customer segments, respectively. Set out below is a brief overview of the class of products retailed under each of the brands:



Pigeon



Pigeon, which is our value for money brand, offers a wide array of products under various sub-categories. Set out below is an overview of the products currently offered by us under the *Pigeon* brand:

Cookware	Cooktops and other kitchen solutions	Small appliances	Other products
• Pressure cookers	• Hobs	• Mixer Grinders	• Emergency lamps

Cookware	Cooktops and other kitchen solutions	Small appliances	Other products
<ul style="list-style-type: none"> • Titanium Hard anodized cookware • Wondercast cookware • Non-stick cookware • Electric rice cookers 	<ul style="list-style-type: none"> • Glass cooktops • Stainless steel cooktops • Induction cooktops • Chimneys 	<ul style="list-style-type: none"> • Rice cookers • Electric kettles • Toasters • Sandwich makers • Knives • Roti makers • Steam irons • Juicers • Food steamers • Air fryers • Electric grills 	<ul style="list-style-type: none"> • Water bottles and flasks • Aluminum ladders • Cloth dryers • Water heaters • Dustbins • Mops • Tiffin box

Some of our marquee innovative products, such as the *Super Cooker*, *Infinity* glass cooktops and *Super Storm Advanced* mixer grinder, are sold under the *Pigeon* brand. The *Pigeon* ‘supercooker’ is an innovative offering which provides the functionalities of straining, serving, induction cooking compatibility and non-stick, energy efficient cooking in a single product.

Gilma



Our *Gilma* brand, which focuses on the semi-premium customer segment, is sold exclusively through *Gilma* branded stores which are designed to offer the customer a modular kitchen experience. Currently, the *Gilma* portfolio comprises of chimneys, hobs and cooktops across price ranges and design offerings. We believe that our *Gilma* products combine premium design with effective performance, offered at a competitive price. While *Gilma* chimneys come built with higher suction power and a lifetime warranty, the hobs offer features such as anti-rust stainless steel body, energy efficiency and one touch auto ignition. Similarly, *Gilma* LPG stoves are designed keeping in mind thermal efficiency, durability and portability. *Gilma* LPG stoves use toughened glass and brass burners, and come with a two year warranty.

The *Gilma* range of kitchen sinks come in two variants – glass and stainless steel. These sinks are stain resistant, easy to clean with sound absorbers. The sinks are built with an extra thick body for durability, and come with a 25 year guarantee to ensure customer satisfaction. In addition to the kitchen solutions set out above, *Gilma* also offers a wide range of massage apparatus, aimed at ergonomics and comfort, and heating solutions which include a range of water heaters.

BLACK + DECKER





BLACK + DECKER is a renowned name internationally in the field of, *inter alia*, kitchen appliances. Presently, we offer the following products under the **BLACK + DECKER** brand, aimed at the premium segment of customers:

Small appliances	Other products
<ul style="list-style-type: none"> • Food processors • Juicers • Hand blenders • Hand mixers • Mini choppers • Oven toaster grills • Rice cookers • Coffee makers • Toasters • Sandwich makers • Kettles 	<ul style="list-style-type: none"> • Steam irons • Dry irons • Water heaters • Oil Fin Radiators

Pigeon LED



In 2016, we entered a new segment by launching the *Pigeon* brand of LED products, which are designed for better heat dissipation and voltage surge protection. Presently, the products sold under the *Pigeon LED* brand include LED bulbs, battens, and downlights.

Our Manufacturing Facilities

As of the date of this Draft Red Herring Prospectus, we have two manufacturing facilities, one each in Bengaluru, Karnataka and Baddi, Himachal Pradesh. Both our manufacturing facilities are ISO 9001:2015 certified for implementing quality management systems. Our manufacturing facilities also have a high level of backward integration, and our ability to manufacture bakelite handles, critical components, and mould & die in-house ensures that our manufacturing process is not dependent on third party suppliers and OEMs.

Bengaluru

Our Bengaluru Facility is a large facility for the manufacture of kitchen solutions, which is spread over approximately 42 acres and 16 guntas, out of which 27 acres and 22 guntas is available for future expansion. The Bengaluru Facility is situated on several contiguous parcels of land, a majority of which are owned by our Company. Out of the 42 acres and 16 guntas, 40 acres and 12 guntas is in the name of our Company, 2.78% which is equivalent to 1 acre 5 guntas of the land parcels are still held in

the name of our Promoter, Rajendra Gandhi and 31 guntas are in the name of certain third parties which are yet to be transferred in the name of our Company. Further, in respect of the land parcels comprising the Bengaluru Facility, as of the date of this Draft Red Herring Prospectus:

- 3.09% which is equivalent to 1 acre 10 guntas (this includes 1 acre 5 guntas of the land owned by our Promoter, Rajendra Gandhi) of the land parcels within our factory premises have not been converted from agricultural use to non-agricultural use;
- 4.70% which is equivalent to 1 acre 36 guntas of the land parcels which are held by our Company are yet to be registered in the name of our Company;
- our Company has received show cause notices from the Kanakapura Planning Authority in relation to failure to obtain the requisite approvals from KPA for carrying our industrial development program on 17.14% of the land parcels which is equivalent to 6 acres 37 guntas; and
- our Promoter, Rajendra Gandhi, has received a notice from the Tahsildar, Kanakapura Taluk, in relation to submitting proof of being an agriculturist in relation of holding 2.78% which is equivalent to 1 acre and 5 guntas of the land parcels which are marked for agricultural use and he has replied to this notice with the required documents

For further details, see “*Risk Factors - Our manufacturing facilities are situated on land which may be subject to regulatory action and litigation*” on page 21.

The Bengaluru Facility is an integrated facility comprising of nine manufacturing units, tailored to manufacture cookware, cooktops, pressure cookers, mixer grinders, non-stick cookware and induction cooktops. Each unit is headed by an experienced unit head who is in-charge of production, purchase, inventory and quality. Further, the Bengaluru Facility also houses a research and development department for the designing, engineering and testing of new products before they are launched in the market.

The following table sets forth information relating to the aggregate installed production capacities for our products manufactured at our manufacturing facilities as of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017 at our Bengaluru Facility:

Number of units manufactured are in million

Products	As at March 31, 2017			As at March 31, 2018			As at March 31, 2019			As on September 30, 2019		
	Installed Capacity (in mn units of the product p.a.)	No. of Units manufactured	Capacity Utilisation (%)	Installed Capacity (in mn units of the product p.a.)	No. of Units manufactured	Capacity Utilisation (%)	Installed Capacity (in mn units of the product p.a.)	No. of Units manufactured	Capacity Utilisation (%)	Installed Capacity (in mn units of the product p.a.)	No. of Units manufactured	Capacity Utilisation (%)
Pressure Cooker	3.00	1.38	46	3.00	1.70	57	3.00	2.17	72	3.60	1.56	43%
LPG Stoves	1.20	0.39	33	2.40	0.44	18	2.40	0.42	17	2.40	0.40	17%
Non Stick-Spray Coating	2.40	1.49	62	2.40	1.27	53	2.40	1.66	69	2.40	0.53	22%
Non Stick-Roller Coating	6.00	1.79	30	6.00	1.85	31	6.00	3.47	58	6.00	2.04	34%
Mixer Grinder	0.60	0.21	35	0.60	0.27	45	0.60	0.31	52	0.60	0.19	31%
Induction Cooktops*	Nil	Nil	Nil	0.20	0.04	20	0.60	0.32	53	0.9	0.31	34%
Iron	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.60	0.05	0%
LED Bulbs*	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.00	0.50	0%

Total	13.20	5.26	40%	14.60	5.57	38%	15.00	8.35	56%	19.50	5.59	29%
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*Production started from December, 2017

**Production of LED bulbs began in June, 2019.

Calculation of Utilized Capacity (%): Actual Production during the Year/Period /Installed Capacity during the Year/Period *100

As of Fiscal 2019 and the six month period ended September 30, 2019, our Bengaluru Facility had an operational capacity of 19.50 million units per annum. It is also one of the few facilities in India to have a fully automated roller coating line for the manufacture of non-stick cookwares (Source: F&S Report) As a result, our Bengaluru facility has both spray coating and roller coating capabilities for the manufacture of non-stick cookware, which has enabled us to increase the production of non-stick cookware with greater productivity and minimize rejection.

Baddi

Our Baddi Facility, has been operational since 2005 and engaged with our Company ever since. For Fiscal 2019, it had an installed capacity of 2.8 million units per annum, with the capability to manufacture products in the LPG stove and glass tops categories. We believe that our Baddi Facility benefits from its strategic location, as most LPG stove manufacturers are located in northern India which enables the facility to source raw material and skillful resources in an efficient manner.

The following table sets forth information relating to the aggregate installed production capacities for our products manufactured at our manufacturing facilities as of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017 at our Baddi Facility:

Product	As at March 31, 2017			As at March 31, 2018			As at March 31, 2019			As on September 30, 2019		
	Installed Capacity (in million units of the product per annum)	Number of Units manufactured (in million)	Capacity Utilisation (%)***	Installed Capacity (in million units of the product per annum)	Number of Units manufactured (in million)	Capacity Utilisation (%)***	Installed Capacity (in million units of the product per annum)	Number of Units manufactured (in million)	Capacity Utilisation (%)**	Installed Capacity (in million units of the product per annum)	Number of Units manufactured (in million)	Capacity Utilisation (%)***
LPG Stove *	1.20	1.03	86	1.80	0.77	45	1.80	1.03	57	1.80	0.25	14
Induction Cooktop **	0.75	0.40	54	0.75	0.11	15	Nil	Nil	Nil	Nil	Nil	Nil
Inner Lid Cooker**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.00	0.14	14
Total	1.95	1.43	74%	2.55	0.88	35%	1.80	1.03	57%	2.80	0.39	14%

* Production started in May, 2019.

**In Fiscal 2017-18 the product shifted to the Bengaluru Facility completely

*** Calculation of Utilized Capacity (%): Actual Production during the Year/Period /Installed Capacity during the Year/Period *100

Manufacturing Processes

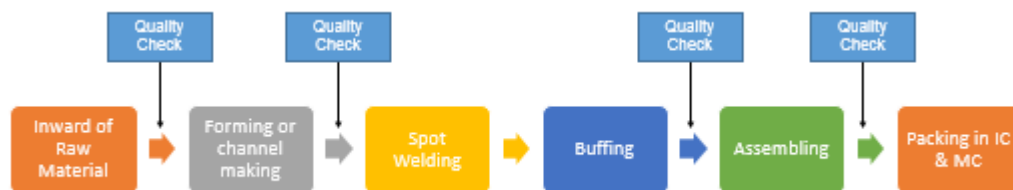
Our manufacturing facilities are well equipped to ensure end-to-end manufacturing capabilities. Set out below is a brief overview of the manufacturing process followed in relation to different kinds of products:

Pressure Cookers



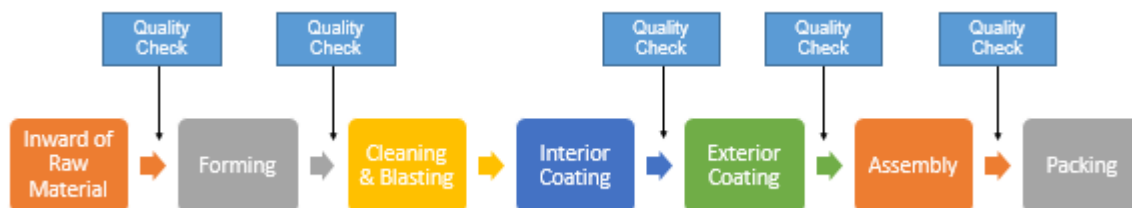
The manufacturing process for pressure cookers is fully automated, with skilled and trained staff operating the assembly line machinery. The quality check at various points ensures that there are minimal defects in the end product. Pursuant to this process, our Company is able to manufacture pressure cookers at an average rate of 15,000 units per day, including the Bengaluru and Baddi facilities as of October 31, 2019.

LPG Stove or Glass Cooktops



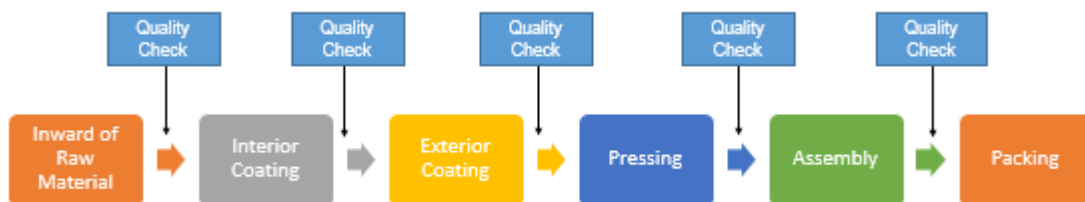
The manufacturing process for LPG stoves and glass cooktops is similar to the one adopted for pressure cookers, with the difference being that it also involves spot welding – where metal components are welded together through the application of pressure and heat, and buffing – which entails polishing of the welded product before assembly.

Non Stick – Spray



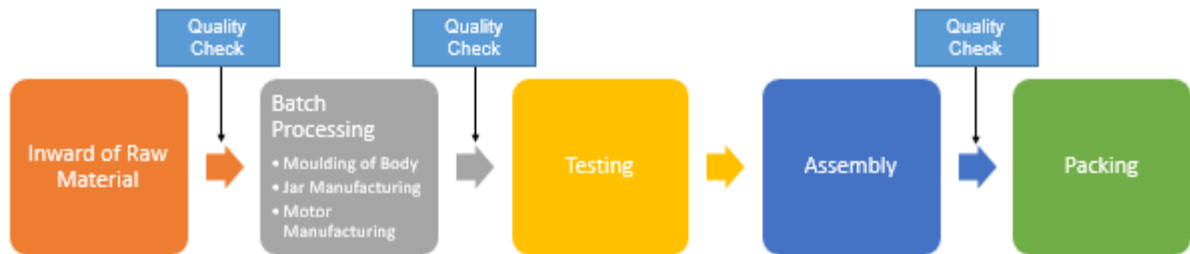
In case of the non-stick spray process, aluminum circles are pressed together to form the shape of the desired product, following which the product undergoes buffing and sun blasting to create roughness on the inner side of the formation. Subsequently, the unfinished product goes through the coating section where interior coating and exterior coating is undertaken, following which our in-house manufactured handles are fixed and the product is packed for dispatch.

Non Stick – Roller Coating



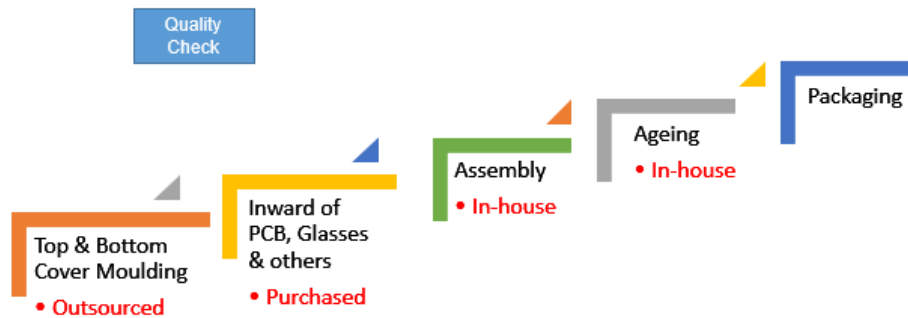
This is a much advanced manufacturing process than the non-stick spray coating process. It is completely automated, where the interior and exterior coating of circles is undertaken before pressing to form the shape of the desired end product. Post forming, our in-house manufactured handles are fixed and the product is packed for dispatch.

Mixer



Different components of the mixer, such as the outer body, jars and motors are manufactured in-parallel by us. Subsequently, the components are assembled and the product is run through a quality test, following which the products are packed for dispatch.

Induction Cooktop



We source the components for our induction cooktops from third parties, and undertake the assembly and quality testing of the products in-house, prior to packaging them for distribution.

Our Geographical Presence

As of the date of this Draft Red Herring Prospectus, our products under the *Pigeon*, *Gilma*, *BLACK + DECKER* and *Pigeon LED* brands are available in the following geographies:



As of October 31, 2019, the state-wise number of retail outlets in which our products are available is set out below:

State/ Territory	Union	Pigeon OM	Pigeon LED	GILMA	B&D
		Dealers	Dealers	Franchise	Dealers
Andhra Pradesh		954	3,599	18	84
Telangana		690		19	
Karnataka		2,600	2,966	20	95
Kerala		1,884	1,090	6	
TN		3,489	3,714	3	38
MP and Chhattisgarh		2,059	0		
Gujarat		1,409	0		
Maharashtra		2,400	523		250
Rajasthan		1,510	0		1
Delhi		474	0		160
Greater Punjab		1,572	0		160
Haryana		532	0		
Uttar Pradesh and Uttarakhand		1,234	0		15
West Bengal		1,687	0		60
Bihar		423	0		
Jharkhand		722	0		

State/ Territory	Union	Pigeon OM	Pigeon LED	GILMA	B&D
		Dealers	Dealers	Franchise	Dealers
Orissa		649	0		
NE		981	0		
Total		25,269	11,892	66	863

Further, either under the *Pigeon* brand or as OEM manufacturers, our products are also sold internationally in the following countries:



Marketing, Sales and Distribution

We have entered into advertising and marketing agreements with third party agencies such as Beehive Communications Private Limited for the marketing of our brands and products. We ensure that our product packaging design includes images and written content on the product features, specifications, highlights, etc. All packaging designs are based on the brand guidelines of specific brands. Our marketing initiatives comprise of in-shop displays, merchandising, kiosks, live demo stands, social media marketing, including e-mailers, customer engagement programs and brand visibility, and circulation of offer leaflets, brochures, postures, standees, banners, posters. Our marketing agency also engages in making product application videos and creatives for press releases and outdoor advertisement.

Each of the states where our products are retailed has a sales head, who reports to the national head of sales. The distribution of our products is undertaken through a network of C&F Agents, which are spread across the country. As of October 31, 2019, we have entered into agreements with 13 C&F Agents, which in turn cover the following territories:

Name of C&F Agent	Location	Territories covered
Sri Bhagavathy Traders Private Limited	Kumbalam, Kerala	South Kerala
KRR Agencies	Kondotty, Kerala	North Kerala
Jatin Associates	Jaipur, Rajasthan	Rajasthan
Mani Distributors*	Indore, Madhya Pradesh	Madhya Pradesh
Namo Enterprises	Ahmedabad, Gujarat	Gujarat
Lotus Consultancy (formerly known as Plastico Agencies)	Ranchi, Jharkhand	Jharkhand
Ashok Glass	Patna, Bihar	Bihar
Rajprotim Supply Chain Solutions Private Limited	Kolkata, West Bengal	West Bengal
Pawan Enterprises	Mumbai, Maharashtra	Maharashtra
Rajnikant and Brothers	Guwahati, Assam	Assam, Nagaland, Manipur, Imphal, Mizoram, Meghalaya, Arunachal Pradesh

Name of C&F Agent	Location	Territories covered
Professional Logistics Solutions	Chandigarh, Delhi	and Tripura Chandigarh, Punjab, Himachal Pradesh, Haryana and Jammu and Kashmir, New Delhi, Uttar Pradesh and Uttarakhand
Shradha Industries	Raipur, Chhattisgarh	Chhattisgarh
Vikas Sales Supplies	Kolkata, West Bengal	West Bengal

*Our Company is in the process of renewing our agreement with Mani Distributors.

The branded business for our southern region (*Pigeon* and *BLACK + DECKER*) are serviced from the master warehouse situated in our Bengaluru Facility. For *BLACK + DECKER*, business for eastern Indian states is serviced from a warehouse in Kolkata, business in western Indian states is serviced from a warehouse situated in Mumbai and business for Punjab, Haryana, Himachal Pradesh, Chandigarh and Jammu & Kashmir is serviced by a C&FA located in Zirakpur, Punjab. *Pigeon* brand products are serviced through all the C&F Agents listed above, and serviced from the master warehouse situated in our Bengaluru Facility.

For modern retail stores and e-commerce platforms, our distribution is presently serviced from the master warehouse in our Bengaluru Facility. We rely on third party logistic service providers for the transport of our products from our warehouse to the C&F Agents.

Servicing

Our Company has a dedicated service team to address service calls for our *Pigeon*, *Gilma* and *BLACK + DECKER* branded products. As of October 31, 2019, our service team comprised of 271 employees. Our CRM software enables us to track customer requests, pre-installation and post-sales support to ensure customer satisfaction. Specifically for *Gilma* products, we have a mobile application which enables our customers to register themselves and raise requests for installation and post sales services through the app. Basis the customer's request, the call is assigned to either the service executive or service franchisee, as the case may be. For *Gilma* products, we have different models of servicing in different states, and as of October 31, 2019, our *Gilma* service model is as follows:



S.No.	State	Service Model	Service Incharge	Service Employees	Service Franchisee	Total
1	Andhra Pradesh and Telangana	Hybrid	1	1	2	4
2	Kerala	Owned	1	5	0	6
3	Tamil Nadu	Franchisee	1	0	7	8
4	Karnataka	Owned	1	20	0	21
5	Corporate office			4	0	4
	Total		4	30	9	43

For our *Pigeon* and *BLACK + DECKER* products, our customers can reach our Company through toll free numbers, giving missed calls, sending us emails on the customer care ID, sending an SMS to our dedicated number or through our dealers and trade partners. The service to our end customer is provided through Company technicians. All calls are registered at a centralized call centre and thereafter allocated to respective branches based on mapping. At the outlet level, the branch service in-charge/ coordinators manually allocate calls to service technicians to attend servicing and installation requests.

Competition

The Indian kitchen solutions and appliances market is highly competitive. We face competition from various domestic and multinational companies in India. Amongst listed players, our major competitors in the cookware, cooktops and small kitchen appliances segments include TTK Prestige Limited, Hawkins Cookers Limited, Butterfly Gandhimati Appliances Limited and Bajaj Electricals Limited. Amongst unlisted companies, our major competitors include Preethi Kitchen Appliances Private Limited, Franke Faber Private Limited and Sunflame Enterprises Private Limited. Additionally, we face competition from a number of regional, unorganized manufacturers and retailers (*Source: F&S Report*).

Intellectual Property

We have registered certain business names and logos as trademarks under various classes with the Registrar of Trademarks in India, under the Trade Marks Act, 1999. Some of the registrations include “”, “GILMA”, including for our corporate logo, “”. For details of our intellectual property rights, see “Government and Other Approvals” on page 251 of this Draft Red Herring Prospectus.

Our ‘PIGEON’ trademark is subject matter of a litigation with PAPL, our Associate Company. For details, please see “Outstanding Litigation and Other Material Developments” on page 244 and “Risk Factors - The trademark for our marquee brand ‘Pigeon’ is the subject matter of litigation, and there can be no assurance that we will be able to protect the trademark in the future” on page 18.

Human Resources

As of October 31, 2019, we had 2,868 permanent employees on the payroll of our Company. The following table sets forth the break-up as of October 31, 2019:

S.No.	Departments	No. of Employees
1.	Sales and marketing	701
2.	Finance, accounts and administration	94
3.	Supply chain management and procurement	98
4.	Factory workers, plant team and management team	1,704
5.	Service	271
	Total	2,868

In addition to the employees listed above, we also engage contract labourers to facilitate our manufacturing operations. As of October 31, 2019, we engaged 441 contract workers.

Further, following are the indicative range of remunerations we pay our employees and the number of employees falling under each range as of October 31, 2019:

Range of salaries in FY 19 (in ₹ lakhs p.a.)	No. of employees falling in the range	No. of factory workers and apprentices falling in the range
Up to 3	658	1,668
3-5	308	9
5-10	124	Nil
10-25	75	Nil
25-50	18	Nil
Above 50	8	Nil
Total	1,191	1,677

Insurance

We maintain insurance policies for our manufacturing and retail business which is customary for our industry. These include policies in relation to burglary insurance, money insurance, personal accident, fire and special perils insurance and Directors' and Officers' liability insurance. Additionally, we maintain mediclaim insurance policies for our employees and our key managerial personnel.

Information Technology

We have implemented a company-wide ERP system. This system is used to manage and co-ordinate all resources, information and functions of the business on a real-time basis. The ERP system helps in integration of different functional areas to ensure proper communication, productivity, quality and efficiency in decision making. It further helps in tracking customer demands and assisting in maintaining optimum inventory levels. We have a dedicated IT team which is involved in maintaining the ERP system.

Property

Our registered and corporate office situated at 81/1, Medamaranahalli Village, Harohalli, Hobli, Kanakapura Taluk, Ramanagar District 562 112, Karnataka, India, is owned by us. Our manufacturing facilities are located on max of freehold and leasehold land. Further, we have a sales office in Jaipur which are operated out of leased premises. We also operate a service centre in Jayanagar, Bengaluru, which is operated out of leased premises. Please find below details of the properties owned and leased by the Company:

Sl.	Address of the Property	Survey Number	Date of Acquisition /Transfer to Company	Name of Seller	Consideration Paid (Amount in ₹)	Name of Lessor	Rent Payable Per Annum (Amount in ₹)	Relation of lessor/seller to promoter/promoter group/director/KMP
1	89/2A3, Medamaranahalli Village Harohalli Hobli, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	89/2A3	December 4, 2013	Rajendra Gandhi	400,000/-	NA	NA	Rajendra Gandhi is the Promoter
2	81/1, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk Bangalore Rural District, 562 112, Karnataka, India	81/1 and 89/2B	December 4, 2013	Rajendra Gandhi	4,185,335/-	NA	NA	Rajendra Gandhi is the Promoter
6	89/2A4, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	89/2A4	February 6, 2013	Ramakrishna and others	2,250,000/-	NA	NA	NA
7	81/3, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	81/3 (old number 81/1)	February 3, 2011	Munivenkatappa and others	9,500,000/-	NA	NA	NA
8	81/4, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	81/4(old number 81/1)	February 10, 2011	Lakshmi Devi and others	5,425,000/-	NA	NA	NA
9	81/2, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk	81/2	February 10, 2011	Lakshmi Devi and others		NA	NA	NA

	Ramanagar District, 562 112, Karnataka, India							
10	81/5, Medamarana Halli Village Harohalli Hobli, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	81/5(ol d number 81/1)	August 26, 2010	H.P. Sunkoji Rao Huliya and others	15,000,000/-	NA	NA	NA
11	73, 87/1, 88/1, 88/2A, 88/2B, 88/3, 89/1, 119, 122/2, 122/3, and 123/2 Harohalli Industrial Area, Kanakapura Taluk Ramanagar District, 562 112, Karnataka, India	73, 87/1, 88/1, 88/2A, 88/2B, 88/3, 89/1, 119, 122/2, 122/3, 123/2	November 28, 2011	Mohamed Maqbool Hussain and others	106,500,000/-	NA	NA	NA
12	28/2, Khatha No. 559, Arrehalli Village Uttrahalli Hobli, 560 061, Bangalore, Karnataka, India	28/2	February 4, 2002	N Vinay	450,000/-	NA	NA	NA
13	307/2, Village Burranwala Road, Barotiwala Tehsil Kasauli District Solan, Himachal Pradesh	307/2	June 5, 2004	Prem Chand and others	5,606,002/-	Stovekraft India	2,640,000/-	Rajendra Gandhi is partner in Stovekraft India
14	PID No. 169-W0079-2, 10 th Main Road, 3 rd Block, Jayanagar, Bengaluru, 560 011, Karnataka, India	PID No. 169-W0079-2	June 30, 2018	NA	NA	Sunita Rajendra Gandhi	720,000/-	Sunita Rajendra Gandhi is the Promoter
15	242, Officer's Campus, Sirsi Road, Jaipur, 302 012, Rajasthan, India	242	November 1, 2016	NA	NA	Mrs. Neelam Chouhan	195,000/-	NA
16	56D, Mirza Ghalib Street, Kolkata, 700 016, West Bengal, India	56D	May 3, 2013	NA	NA	Prasun Engineering Works Private Limited	312,000/-	NA
17	Regus Grandeur	Plot No. 14/46	March 1, 2018	NA	NA	Regus Grandeur	462,960/-	NA

	Offices Private Limited, , Plot No. 14/46, 1 st Floor, Phoenix Tech Tower, , IDA, Hyderabad50 0 039, Telangana, India					Offices Private Limited,		
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REGULATIONS AND POLICIES

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable laws and regulations as given below has been provided in a manner to provide general information to the investors is indicative and is not exhaustive, and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is primarily engaged in the business of retail and manufacture of kitchen solutions and products. For further details, see “*Our Business*” on page 114.

Under the provisions of various Central Government and state government statutes and legislations, our Company is required to obtain, and periodically renew certain licenses or registrations, and to seek statutory permissions to conduct our business and operations. For further details, see “*Government and Other Approvals*” on page 251.

I. Regulations regarding foreign investments

Under the current consolidated FDI Policy, effective from August 28, 2017, issued by the Department for Promotion of Industry and Internal Trade (“**DPIT**”) (formerly known as Department of Industrial Policy and Promotion) including any modifications thereto or substitutions thereof, issued from time to time (the “**Consolidated FDI Policy**”) and the Foreign Exchange Management (Non Debt Instruments) Rules, 2019, 100% FDI through automatic route is permitted in the manufacturing sector. Additionally, trading under the Consolidated FDI Policy is also under the automatic route and FDI is permitted up to 100% therein. Trading under the Consolidated FDI Policy includes sale of goods/ merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers.

II. Environmental laws and regulations

We are subject to various environmental laws and regulations as the operation of our establishments might have an impact on the environment. The basic purpose of such statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (“**PCBs**”), have been set up in each state and at a central level. Establishments, as prescribed under various regulations are required to obtain consent orders from the PCBs. These consent orders are required to be renewed periodically.

Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set out by the concerned state PCB. The Water Act also provides that the consent of the concerned state PCB must be obtained prior to establishing any industry, operations or any treatment and disposal system, which is likely to discharge sewage or effluent into a water body.

Water (Prevention & Control of Pollution) Cess Act, 1977 (“Water Cess Act”) and Water (Prevention & Control of Pollution) Cess Rules, 1978 (“Water Cess Rules”)

The Water Cess Act has been enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries by local authorities constituted under the Water Act, with a view to augment the resources of the central and state PCBs for the prevention and control of water pollution. The Water Cess Rules have been notified under Section 17 of the Water Cess Act and provide, *inter alia*, standards for meters and places where they are to be affixed and the furnishing of returns by consumers.

Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)

The Air Act requires that any industry or institution emitting smoke or gases must apply in a prescribed form and obtain consent from the state PCB prior to commencing any activity. The state PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Environment (Protection) Act, 1986 (“EPA”)

The EPA has been enacted with the objective of protecting and improving the environment and for matters connected therewith. As per the EPA, the Central Government has been given the power to take all such measures for the purpose of, *inter alia*, protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person, officer or any authority for any of the purposes of the EPA. Such directions include, *inter alia*, the power to direct the closure, prohibition or regulation of any industry, operation or process.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”)

An “occupier” has been defined as a person who has control over the affairs of a factory or premises, or any person in possession of hazardous waste. In terms of the Hazardous Waste Rules, occupiers have been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous and other wastes generated in their establishments and are required to obtain license/ authorisation from concerned PCBs, for handling, generating, collecting, processing, treating, packaging, storing, transporting, using, recycling, recovering, pre-processing, co-processing, offering for sale, transfer, or disposal of the hazardous and other wastes.

III. Industrial and Labour Laws

Shops and establishments legislations in various states

The provisions of shops and establishment legislations, as may be applicable in a state in which establishments are set up, regulate the conditions of work and employment and generally prescribe obligations in respect of, *inter alia*, registration, opening, and closing hours, daily and weekly working hours, holiday, leave, health and safety measures, and wages for overtime work.

The Factories Act, 1948 (“Factories Act”)

The Factories Act defines a “factory” to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and, any premises where there are at least twenty workers even though there is no electrically aided manufacturing process being carried on. Each state government has rules in respect of the prior submission of plans and their approval for the establishment of factories, and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished in accordance with the Factories Act for different offences in case of contravention of any provision thereof and in case of a continuing contravention after conviction, an additional fine for each day of contravention may be levied.

In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947;
- Employees Compensation Act, 1923;
- Equal Remuneration Act, 1976;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Industrial Employment (Standing Order) Act, 1946; and
- Child Labour (Prohibition and Abolition) Act, 1986.

IV. Tax Laws

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, Karnataka Goods and Services Tax Act, 2017, Customs Act, 1962, Income Tax Act, 1961, the Income Tax Rules, 1962 and Finance Act, 2018.

V. Other applicable laws and policies

The Legal Metrology Act, 2009 (“Legal Metrology Act”)

The Legal Metrology Act replaces the Standards of Weights and Measures Act, 1976. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weights, measures or numbers, and matters connected therewith or incidental thereto. The key features of the Legal Metrology Act are (a) appointment of government approved test centres for verification of weights and measures; (b) permitting the establishments to nominate a person who will be held responsible for breach of provisions of the Legal Metrology Act; and (c) more stringent punishment for violation of provisions.

Trade Marks Act, 1999 (“Trade Marks Act”)

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading, and to obtain relief in case of infringement of such marks. An application for the registration of trademarks has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trade Marks for the purposes of the Trade Marks Act. It also provides for penalties for infringement, falsifying, and falsely applying trademarks and using them to cause confusion among the public.

Design Act, 2000 (“Design Act”)

The Design Act, which came into force in May 2001, along with the rules made thereunder consolidate and amend the law relating to protection of designs. A design refers to the features of shape, configuration, pattern, ornamentation or composition of lines or colours applied to any article, in two or three dimensional or both forms, by an industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye. In order to register a design, it must be new or original and must not be disclosed to the public anywhere in India or any other country by publication in tangible form or by use or in any other way prior to the filing date. A design should be significantly distinguishable from known designs or combination of known designs in order for it to be registered. A registered design is valid for a period of 10 years after which the same can be renewed for a second period of five years, before the expiration of the original period of 10 years. After such period, the design is made available to the public by placing it in the public domain.

The Bureau of Indian Standards Act, 2016 (“BIS Act”)

The BIS Act provides for the establishment of the Bureau of Indian Standards (“BIS”) for the development of the activities, *inter alia*, standardization, marking and quality certification of goods. Functions of the BIS include, *inter alia*, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark to be called the Bureau of Indian Standards Certification Mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) conducting such inspection and taking such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license. The BIS certification IS 2347:2017 is an applicable standard for domestic pressure cookers. Further, we are required to obtain mandatory BIS certification for certain of our products. For details, see “*Government and Other Approvals*” on page 251.

Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. The FTA read with the Indian Foreign Trade Policy, 2015-20 provides that no person or company can make exports or imports without having obtained an importer exporter code number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Foreign Trade Policy 2015-20 (“EXIM Policy”)

Under the FTA, the Government of India is empowered to periodically formulate the EXIM Policy and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The EXIM Policy provides for certain schemes for the promotion of export of finished goods and import of inputs.

***Electronics and Information Technology Goods (Requirements for Compulsory Registration) Order, 2012
("Compulsory Registration Order")***

The Compulsory Registration Order mandates that the manufacturing, storage, import, sale or distribution of goods which do not meet the specified standard and/or bear a self-declaration confirming conformance to relevant Indian Standard is prohibited. The only exception is for those goods which are manufactured for export. Further, any sub-standard or defective goods must be deformed beyond use by the manufacturer and disposed of as scrap. The Compulsory Registration Order is issued by the Department of Electronics and Information Technology, Ministry of Communication and Information Technology, Government of India ("DEIT").

For details of approvals obtained in accordance with applicable regulations, see "*Government and Other Approvals*" on page 251.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Stove Kraft Private Limited on June 28, 1999 with a certificate of incorporation issued by the RoC at Bengaluru, Karnataka, India as a private limited company under the Companies Act, 1956 and commenced its business on June 28, 1999. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM on May 28, 2018, and the name of our Company was changed from Stove Kraft Private Limited to Stove Kraft Limited and a fresh certificate of incorporation consequent upon change of name was issued to our Company by the RoC on August 13, 2018.

Changes in Registered Office

Except as disclosed below, there have been no changes in the registered office of our Company since the date of its incorporation:

Effective date of change of Registered Office	Details of the address of Registered Office
October 30, 2000	From No: 34, 1 st Main 4 th Cross, Arakere Mico Layout, 1 st stage, Bengaluru 560 076, Karnataka, India to No: 58/2, Subramanyapura Road, Chickallasandra, Bengaluru, 560 061, Karnataka, India
January 30, 2001	From No.: 58/2, Subramanyapura Road, Chickallasandra, Bengaluru 560 061, Karnataka, India to No. 28/1, Adjacent to AGS Layout, 3 rd Main Road, Arehalli Village, Uttarahalli Hobli, Bengaluru 560 061, Karnataka India
May 1, 2009	From No. 28/1, Adjacent to AGS Layout, 3 rd Main Road, Arehalli Village, Uttarahalli Hobli, Bengaluru 560 061 Karnataka India to 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramanagar District 562 112, Karnataka, India

The changes in the address of the Registered Office were to, *inter alia*, ensure greater operational efficiency and for administrative convenience.

Main Objects of our Company

The main objects contained in the MoA of our Company are as follows:

- To carry on the business of manufacturers, importers, exporters, buyers, sellers and dealers in all kinds and varieties of metal components and metals, heating stoves for domestic and other applications, tools and jigs of various composition for consumer durables, automobile, electrical and electronic industries.*
- To carry on the business of Mechanical Engineers, structural engineers, automobile engineers, electrical engineers, aviation engineers, chemical engineers, refrigeration, air conditioning, insulating and heating engineering activities and/or services and engineers in all branches of work whatsoever, steel makers, fabricators, iron foundries, welders, tool makers, brass, copper, aluminium and other metal foundries, iron and steel converters, smiths, wood workers, carpenters, builders, wheel wrights castings, tube, pipe and tool makers, moulders, fitters, saddlers, galvanizers, enamellers, smelters, electroplaters, painters, japanners, annealers, silver platers, nickel platers, varnishers, vulcanisers, packing case makers, containers, drums, pressure vessel makers in all their respective branches, repair, convert, alter, let on loan or hire and deal in plant and equipment, machinery of all kind of tools, appliances, instruments, implements, rolling stock, mechanical and electrical and electronic appliances.*
- To carry on the business of manufacturers, importers, exporters, dealers and distributors of electrical and electronic goods, Electrical Cables, Wires, instruments, apparatus, generators, transformers, futuristic and fittings, machinery and equipment's operated by electricity, other domestic, commercial and industrial appliances, goods and equipment's used in generation, transmission and distribution of electricity and components, parts, accessories (all allied products of all and or any kind of the aforesaid items).*
- To carry on the business of assembling, fabricating, repairing, processing or altering of the electrical and electronic articles and apparatus of every nature and description including the electrical and electronic household /domestic items.*
- To carry on the business of manufacturing, buying, selling, distributing, importing, exporting and dealing in all types of Plastics, Polymers, PVC Compounds, elastomer, Polypropylene, Polyethylene, Bakelite, thermoplastic and raw materials for them.*
- To carry on the business of manufacturers, importers, exporters, dealers and distributors of Electrical Cables, Wires, Instruments, wires made of aluminum, copper, steel, iron, and other metals including Jelly Filled Cables and components.*

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer. For further details, see “*Objects of the Offer*” on page 70.

Amendments to the MoA of our Company in last 10 years

Set out below are the amendments to our MoA in the last 10 years of our Company:

Date of Shareholders' Resolution	Particulars
February 2, 2010	Clause V of the MoA was amended to reflect the re-classification of equity share capital from ₹ 200,000,000 divided into 20,000,000 Equity Shares of ₹ 10 each to ₹ 200,000,000 divided into 19,999,995 Equity Shares of ₹ 10 each and 5 Class A Equity Shares of ₹ 10 each.
September 16, 2013	Clause V of the MoA was amended to reflect the increase and re-classification in the authorized share capital of the Company from ₹ 200,000,000 divided into 19,999,995 Equity Shares of ₹ 10 each and 5 Class A Equity Shares of ₹ 10 each to ₹ 200,000,050 divided into 19,999,995 Equity Shares of ₹ 10 each and 10 Class A Equity Shares of ₹ 10 each.
September 10, 2018	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹200,000,050 divided into 19,999,995 Equity Shares of ₹10 each and 10 Class A Equity Shares of ₹10 each to ₹400,000,050 divided into 39,999,995 Equity Shares of ₹10 each and 10 Class A Equity Shares of ₹10 each.
July 25, 2019	<p>Clause III of the MoA was amended to include the following additional main objects of the Company:</p> <p><i>“3. To carry on the business of manufacturers, importers, exporters, dealers and distributors of electrical and electronic goods, Electrical Cables, Wires, instruments, apparatus, generators, transformers, futuristic and fittings, machinery and equipment's operated by electricity, other domestic, commercial and industrial appliances, goods and equipment's used in generation, transmission and distribution of electricity and components, parts, accessories (all allied products of all and or any kind of the aforesaid items.</i></p> <p><i>4. To carry on the business of assembling, fabricating, repairing, processing or altering of the electrical and electronic articles and apparatus of every nature and description including the electrical and electronic household /domestic items.</i></p> <p><i>5. To carry on the business of manufacturing, buying, selling, distributing, importing, exporting and dealing in all types of Plastics, Polymers, PVC Compounds, elastomer, Polypropylene, Polyethylene, Bakelite, thermoplastic and raw materials for them.</i></p> <p><i>6. To carry on the business of manufacturers, importers, exporters, dealers and distributors of Electrical Cables, Wires, Instruments, wires made of aluminum, copper, steel, iron, and other metals including Jelly Filled Cables and components.”</i></p>

Major events, milestones and achievement of our Company

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
1999	Our Company was incorporated as Stove Kraft Private Limited
2001	Granted trademark registrations for our brand Gilma
2003	Granted trademark registrations for our brand Pigeon
2004	Commenced manufacturing at our Baddi unit
2008	<ul style="list-style-type: none"> SIDBI purchased 100 Equity Shares in our Company Received factory license for commencing operations for our Unit I at our Bengaluru Facility
2010	Investment into our Company by SCI
2010	Recorded total revenues of more than ₹ 3,000 million
2011	Recorded total revenues of more than ₹ 5,000 million
2011	Implemented SAP Business One at our manufacturing facilities
2013	Bought and installed Roller Coating Line and Finishing Lines machine at our Bengaluru Facility
2013	Investment into our Company by SCI and SCI-GIH
2014	Commenced exports to a retailer in the USA
2014	Received factory license for commencing operations for our unit II of our Bengaluru Facility
2015	Certificate of registration of design was granted for our product ‘Pressure cooker’ granted by the Patent Office, Government of India
2016	Implementation of quality management system in accordance with ISO 9001:2008 for the scope of design and development, manufacture and supply of LPG stoves, pressure cookers, non-stick cook wares, mixer grinders and trading of kitchen and home appliances, by TUV-SUD South Asia Private Limited
2016	Entered into licensing agreement with Stanley Black & Decker, Inc. and The Black and Decker Corporation
2016	Acquisition of manufacturing unit from Saya Industries
2017	Best fill rate accreditation received from Flipkart for our Pigeon products list on Flipkart's Big Billion Day
2018	Achieved sales of 9.1 million total units in Fiscal 2018
2019	Commenced the manufacture of Pigeon LED products at the Bengaluru facility

Calendar Year	Particulars
2019	Commenced the manufacture of inner lid cookers in the Baddi facility

Awards and Accreditations

We have received the following awards and accreditations:

Calendar Year	Awards and Accreditations
2012	<ul style="list-style-type: none"> Awarded a “Star Performer” award (2011-12) in the Domestic Appliances and Parts thereof, Small Enterprises Category by EEPC India
2013	<ul style="list-style-type: none"> Gold Award by Quality Circle Forum of India, Bengaluru Chapter
2014	<ul style="list-style-type: none"> Gold Award by Quality Circle Forum of India, Bengaluru Chapter
2015	<ul style="list-style-type: none"> Award for being the Presenting Sponsor for ‘Tiecon Hubli 2015’ Silver Award by Quality Circle Forum of India, Bengaluru
2016	<ul style="list-style-type: none"> Award for “Highest Selling Non-Fuel Partner in the kitchenware category (2015-2016)” by Indian Oil Pigeon listed as one of the “Most Admired Brands 2016” by White Page International Award for “Overall Highest Export/Import and Bonding-2016” by Marigold Logistics Private Limited Certificate of Quality Management System in accordance with ISO 9001: 2008 for the scope of design and development, manufacture & supply of LPG stoves, pressure cookers, non-stick cook wares, mixer grinders and trading of kitchen and home appliances, by the certification body of TUVSUD South Asia Private Limited

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed below, our Company has neither acquired any entity, business, undertaking, nor undertaken any merger, amalgamation or revaluation of assets.

Capacity creation and location of our plants

Our manufacturing plants are located in Bengaluru, Karnataka and Baddi, Himachal Pradesh. For further details in relation to the location of our plants and capacity creation, see “*Our Business*” on page 114.

Slump sale agreement dated March 31, 2016 entered into between our Company and Saya Industries (“*Saya Industries*”) (“*Slump Sale Agreement*”)

Our Company entered into the Slump Sale Agreement with Saya Industries in relation to the purchase of the unit of Saya Industries (a partnership between our Company and Rajendra Gandhi which was dissolved by dissolution deed dated March 31, 2018) situated at village Buranwala, Tehsil Baddi, Himachal Pradesh (“**Unit**”), with all its tangible and intangible assets (including its goodwill, copyrights, trademarks, brand tenancy rights) and liabilities (including contingent liabilities, permits, contracts, consumables, etc.), as a going concern on an as-is-where-is basis. Saya Industries was engaged in the business of, inter alia, the manufacturing and trading of LPG stoves at its Unit. Pursuant to the Slump Sale Agreement, the books of accounts, documents and records pertaining to the Unit, possession of the assets of Saya Industries and relevant contracts pertaining to the Unit were transferred to our Company. Further, our Company also undertook to employ all employees of Saya Industries as employees of our Company. Pursuant to the Slump Sale Agreement, the total consideration for the transfer of the Unit was ₹75 million. No independent valuation was undertaken by our Company while acquiring Saya Industries.

Capital raising activities through equity and debt

Except as mentioned in “*Capital Structure*” on page 58, our Company has not raised any capital through equity issuances. For details on the outstanding debt facilities of our Company as on December 31, 2019, see “*Financial Indebtedness*” on page 242.

Our Shareholders

Our Company has seven Shareholders as of the date of this Draft Red Herring Prospectus. For further details, regarding our Shareholders, see “*Capital Structure*” on page 58.

Common Pursuits

There are common pursuits between us and our Associate. For details, see “*Our Business*” and “*Risk Factors*” on pages 114 and 18, respectively. We have and shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details of related business transactions and their significance on the financial performance of our Company, see “*Financial Statements*” on page 164.

Significant Sales and Purchases

Other than as disclosed in “*Financial Statements*” on page 164, there are no sales/ purchases between our Company and our Associate, where such sales or purchases exceed, in value, the aggregate of 10% of the total sales or purchases of our Company as on the date of the last financial statements.

Additionally, in the past, our Company has entered into certain purchase transactions with our Associate Company, PAPL, of which Rajendra Gandhi is a director. For further details see “*Financial Statements*” on page 164.

Our Associate

As on the date of this Red Herring Prospectus, our Company has one Associate, PAPL. Unless stated otherwise, information contained herein in relation our Associate is as on the date of this Red Herring Prospectus. Our Company holds 7,500 shares of ₹ 10 each aggregating to 37.46% of the issued and paid up share capital of PAPL, as per the annual audited accounts of PAPL dated July 4, 2014 for Fiscal 2014.

Summary of Key Agreements and Shareholders’ Agreements

Shareholders Agreements

Investment Agreement dated February 2, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund (“SGF”) and SCI (together with SME Growth Fund “Investors”) (“Series A Investment Agreement”) as amended by amendment agreement dated March 18, 2010 entered into between Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI (“Series A Amendment Agreement”); Series B Investment Agreement dated September 13, 2013 between our Company, our Promoters, Stovekraft India, SCI and SCI-GIH (together with SCI “Investors” or “Sequoia”) (“Series B Investment Agreement”); Amendment Agreement dated September 27, 2018 (“Amendment Agreement”) and Second Amendment Agreement dated January 29, 2020 (“Second Amendment Agreement”) entered into between Company, our Promoters, Stovekraft India and Sequoia (together the “Amendment Agreements”)

In terms of the Series A Investment Agreement dated February 2, 2010, SCI was allotted 5 fully paid-up Class A Equity Shares and 8,100,045 CCDs for an aggregate consideration of ₹500 million.

The Series A Investment Agreement confers certain rights and obligations upon our Promoters, SGF and Sequoia including, *inter alia*, a put option to Sequoia on the shares allotted to it, rights in relation a first offer to Sequoia prior to issuance of additional capital by our Company, a right of first refusal in relation to transfers proposed to be effected by our Promoters and right of first offer of proposed transfers by the Investors, a tag along right to the Investors in relation to transfer of shares held by our Promoters, affirmative voting rights in relation to certain reserved matters and rights to our Promoters, Sequoia and SGF to nominate directors on the Board. The Series A Investment Agreement also mandated that no changes to the Company’s capital structure shall be effected without the prior written consent of the Investors. Additionally, the Company was also required to redeem 219,999,000 debentures held by SGF on or prior to February 26, 2010 which were subsequently redeemed by SGF on March 31, 2009. Additionally, the CCDs issued under the Series A Investment Agreement have been issued for a maximum of 19 years with interest at a coupon rate of 0.0000001%. Additionally, the CCDs holders have a right to convert them into equity shares of our Company at the option of the holders of the CCDs. Furthermore, the conversion price is 61.73 for the Series A CCDs as per the Series A Investment Agreement and 219.21 for the Series B CCDs as per the Series B Investment Agreement.

Our Company has executed the Series A Amendment Agreement in which, *inter alia*, the parties amended certain terms of the Series A Investment Agreement, including mandating our Company to obtain trademark registrations for ‘Pigeon’, ‘WonderCast’ and ‘Gilma Spagnol Cucine’, changing closing conditions and including certain definitions and substitution of clauses pertaining to the covenants of the Company.

Subsequently, pursuant to the Series B Investment Agreement, Rajendra Gandhi transferred 228,089 Equity Shares held by him to SCI for a consideration of ₹50.00 million and our Company allotted series B CCDs to SCI for a consideration of ₹250 million. Additionally, Rajendra Gandhi transferred 228,089 Equity Shares held by him to SCI-GIH for a consideration of ₹50.00 million and the Company allotted series B CCDs and 5 fully paid-up Class A Equity Shares to SCI-GIH for a consideration of ₹200.00 million. The Series B Investment Agreement also amended certain terms of the Series A Investment Agreement including, *inter alia*, addition of SCI-GIH as a party to the Series A Investment Agreement, including Series B CCDs in the CCDs issued and allotted in the Series A Investment Agreement, increasing the number of directors allowed to be nominated to the board by our Promoters and amendment of certain definitions as stated in the Series A Investment Agreement. Additionally, the CCDs issued under the Series B Investment have been issued for a maximum of 19 years with interest at a coupon rate of 0.0000001%. Additionally, the CCDs holders have a right to convert them into equity shares of our Company at the option of the holders of the CCDs. Further, on receipt of notices of conversion from SCI and SCI-GIH, and by a board resolution dated September 23, 2018 and shareholders’ resolution dated September 24, 2018 of our Company, 5,489,149 Series A CCDs held by SCI and 1,083,111 CCDs held by SCI-GIH have been converted into 4,733,516 Equity Shares and 1,083,111 Equity Shares respectively. For further details in relation to these allotments, see “*Capital Structure- Share Capital History of our Company*” on page 58.

Further, our Company has also executed the Amendment Agreement, which *inter alia*, provides for the termination of the Series A Investment Agreement, together with the Series A Amendment Agreement and the Series B Investment Agreement with effect from the date of listing of the Equity Shares of our Company pursuant to the Offer. Additionally, it also provides for a right to Sequoia, subject to approval of the post-Offer shareholders in the first general meeting of our Company pursuant to the Offer, to nominate 1 (one) director on the board of directors of our Company, until such time Sequoia holds 5.00% (Five percent) of the fully diluted post-Offer equity share capital of our Company.

The Second Amendment Agreement further amended the exit trigger date and the listing date to the date which is 12 months from the date on which the final observations are issued by SEBI on the Draft Red Herring Prospectus, or such later date as maybe mutually agreed in writing between the Company and the Investors.

Other Agreements

Except as disclosed below, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company.

1. License agreement dated September 1, 2016 entered into between our Company and Stanley Black & Decker, Inc. ("SBD") and The Black and Decker Corporation ("TBDC") (SBD and TBDC collectively "B&D") ("License Agreement")

Our Company has entered into the License Agreement with B&D in relation to licensing of certain proprietary trademarks held by B&D ("**Black + Decker Marks**") for the purpose of manufacturing, distributing, marketing and selling blenders and juicers, breakfast appliances, small cooking appliances and small domestic appliances. Pursuant to the License Agreement, B&D has granted a non-transferable, non-sub licensable, exclusive license to use in India the Black + Decker Marks for the licensed products with packaging materials and advertising materials therefor, and to sell, distribute and advertise the licensed products in India. Pursuant to the License Agreement, our Company is required to provide B&D with an annual marketing plan with respect to each of the licensed products, including the marketing timetable, sales projections, advertising expenditures, product return rates, etc. on a product by product basis. Our Company has also agreed to commit a percentage of its annual total sales of licensed products towards marketing and promotion of licensed products. The License Agreement mandates that the licensed products may only be sold through channels of trade specified in the License Agreement. Further, our Company is required to maintain, at its expense, a toll-free customer support number to address consumer complaints in relation to the licensed products.

The License Agreement stipulates that B&D shall have no liability to our Company or any other person on account of any injury, loss or damage or any other liability, costs, etc. imposed upon our Company or any other person resulting from the production, use or sale of any licensed product, or any labelling, packaging, advertising or promotional activities with respect to the licensed products. Our Company has also agreed to indemnify B&D and its officers, agents, representatives, etc. against claims, demands, damages, liabilities, expenses, losses and costs, etc. arising out of the usage of the licensed products or the Black + Decker Marks. The License Agreement is valid up to December 31, 2027, with B&D having the right to terminate it at any time upon the occurrence of the events of default specified in the License Agreement, upon the failure of our Company to cure such defaults within a 30 day period. Further, during the term of the Agreement and for a period of one year after the expiration of the License Agreement or its termination, our Company is prohibited from developing or selling in India, any products on the lines of the licensed products, which may be considered competitive with The Black + Decker Marks or any brands owned or licensed by B&D. Pursuant to the License Agreement, for each contract year, our Company is required to pay B&D royalties at a fixed rate on all total sales of licensed products. Further, for the first 10 contract years, B&D is also entitled to guaranteed minimum royalty payments as specified in the License Agreement. Pursuant to the License Agreement, the suitability, styles, designs, packaging, contents, workmanship and quality of all licensed products is required to be approved by B&D in writing prior to the development, manufacture, distribution, publication, production, sale or use thereof. Further, prior to the shipping of any licensed product to a distributor or customer, our Company is required to furnish to B&D three production samples for each licensed product along with the packaging material, for the approval of B&D.

2. Energy Purchase Agreement dated April 28, 2016 entered into between our Company and Vyshali Energy Private Limited ("Vyshali") ("EPA")

Our Company has entered into an EPA with Vyshali for the purchase of 6,000,000 units per annum from a 100 MW wind based power generation project ("**Project**") being developed by Vyshali. Pursuant to the EPA, our Company will purchase the agreed units from Vyshali on the basis of a monthly plan devised by our Company, priced at Bangalore Electricity Supply Company Limited ("**BESCOM**") rates minus 55 paise per unit. Additionally, we are required to comply with a minimum energy purchase of 80% of the total contracted energy, and a failure to do so would make us liable to be penalized by Vyshali as per the terms of the EPA, which may result in *inter alia* penalty for the shortfall, as per the terms of the EPA. Further, the EPA provides for force majeure events including, *inter alia*, load shedding by BESCOM explosion, and accident which would discharge Vyshali from performing its obligations under the EPA to the extent it is affected by such force majeure events. The rates which have been agreed upon, under the EPA are liable to be changed in case there is an increase in cost because of an imposition of any levy, surcharge or tax on the sale price under the EPA. In case such change in price is not agreed to by both the parties, pursuant to providing notices as given under the EPA, our Company and Vyshali have the option to terminate the EPA. Our Company is required to, *inter alia*, maintain a valid bank guarantee, a failure of which would be an event of default. Vyshali Energy Private Limited and Greenko Wind Projects Private Limited are not related to the Promoters, Directors and Key Managerial Personals of our Company.

3. Subscription and Shareholders' Agreement dated April 28, 2016 entered into between our Company, Greenko Wind Projects Private Limited ("Greenko") and Vyshali ("SSA")

Our Company has entered into a SSA with Greenko and Vyshali, wherein our Company has agreed to subscribe to 10,800 shares of Vyshali, aggregating to 1.08% of the paid up equity share capital of Vyshali for a consideration of ₹ 0.10 million. Our Company is not entitled to any dividends as a result of its shareholding in Vyshali. All transactions of our Company with Vyshali are to be conducted on an arm's length basis. Additionally, our Company is not allowed to transfer its shares in Vyshali, without Greenko's prior written consent. This SSA can be terminated, *inter alia*, by mutual consent amongst the parties.

4. *Share Purchase Agreement dated April 28, 2016 entered into between Company, Greenko and Vyshali ("SPA")*

Our Company has entered into an SPA with Greenko and Vyshali, pursuant to which our Company has agreed to sell its entire shareholding in Vyshali to Greenko in the event of termination of the SSA. Further, this sale of its shares of Vyshali held by our Company, shall also be effected if the EPA is terminated for any reason.

Guarantees issued by our Promoters

Except as stated below, our Promoters have not provided any guarantee in relation to the loans availed by our Company:

Personal guarantee issued by our Promoters in favour of Standard Chartered Bank

Pursuant to loan agreement dated May 9, 2008, and subsequent sanction letters, our Company has availed a working capital facility from Standard Chartered Bank ("SCB") amounting to ₹500.00 million. Our Promoters have executed a guarantee agreement dated May 9, 2008, as amended by a supplemental guarantee dated August 9, 2012, where our Promoters have agreed to pay any amounts due to SCB by our Company in case of a default by our Company. Additionally, our Promoters shall be the considered the principal debtors under this facility if SCB invokes this guarantee.

Personal guarantee issued by our Promoters in favour of the Tata Capital Financial Services Limited

Pursuant to a sanction letter dated August 31, 2018, our Company has availed a working capital facility from Tata Capital Financial Services Limited ("TCFSL") amounting to ₹200 million. Our Promoters have executed a letter of guarantee dated August 31, 2018 pursuant to which our Promoters have guaranteed to repay the facility amount to TCFSL on the terms and conditions contained in the letter of guarantee. Further, our Promoters have agreed to pay the amount of the facility along with interest to TCFSL if there is a default in the payment of the principal amount or interests on the facility. Additionally, this guarantee would remain in full force and operative until all dues of our Company have been full discharged.

Personal Guarantee issued by our Promoters in favour of HDFC Bank Limited

Pursuant to sanction letter dated November 16, 2018 and loan agreement dated February 1, 2019, our Company has availed a working capital facility from HDFC Bank Limited ("HDFC") amounting to ₹450.00 million. Our Promoters have executed a guarantee agreement dated January 4, 2019, where our Promoters have agreed to pay any amounts due to HDFC by our Company in case of a default by our Company.

Personal Guarantee issued by our Promoter in favour of RBL Bank Limited

Pursuant to sanction letter dated September 16, 2019 and loan agreement dated September 19, 2019, our Company has availed a working capital facility from RBL Bank Limited ("RBL") amounting to ₹350.00 million. Our Promoters and our Director, Neha Gandhi have executed a guarantee agreement dated September 19, 2019, where our Promoters and Neha Gandhi have agreed to pay any amounts due to SCB by our Company in case of a default by our Company.

Personal Guarantee issued by our Promoter in favour of IDFC First Bank Limited

Pursuant to sanction letter and loan agreement dated March 25, 2019, our Company has availed a working capital facility from IDFC First Bank Limited ("IDFC") amounting to ₹450.00 million. Our Promoters and our Director, Neha Gandhi have executed a guarantee agreement dated March 27, 2019, where our Promoters and Neha Gandhi have agreed to pay any amounts due to SCB by our Company in case of a default by our Company.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors.

As on the date of this Draft Red Herring Prospectus, our Board comprises of six Directors.

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name, designation, address, date of birth, age, occupation, term, period of directorship and DIN	Other directorships
1.	<p>Rajendra Gandhi</p> <p>Designation: Managing Director</p> <p>Address: 203, Olympus 1, Prestige Acropolis, No. 20, Hosur Road, Bengaluru, 560 029, Karnataka, India</p> <p>Date of Birth: December 27, 1967</p> <p>Age: 52 years</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since 1999</p> <p>DIN: 01646143</p>	<p><i>Domestic Companies</i></p> <ul style="list-style-type: none"> Pigeon Appliances Private Limited
2.	<p>Bharat Singh</p> <p>Designation: Nominee Director</p> <p>Address: 723, Ranka Heights, Domlur Layout, 7th cross, Bengaluru, 560 071, Karnataka, India</p> <p>Date of Birth: November 10, 1977</p> <p>Age: 42 years</p> <p>Occupation: Service</p> <p>Term: Not liable to retire by rotation</p> <p>Period of Directorship: Director since September 21, 2018</p> <p>DIN: 08222884</p>	<p><i>Domestic Companies</i></p> <ul style="list-style-type: none"> Kids Clinic India Private Limited Wildcraft India Private Limited <p><i>Body Corporate</i></p> <ul style="list-style-type: none"> Near Pte. Limited
3.	<p>Neha Gandhi</p> <p>Designation: Executive Director</p> <p>Address: 203, Olympus 1, Prestige Acropolis, Hosur Road, Koramangala, Bengaluru, 560 029, Karnataka, India</p> <p>Date of Birth: June 4, 1993</p> <p>Age: 26 years</p> <p>Occupation: Business</p> <p>Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since September 30, 2016</p> <p>DIN: 07623685</p>	Nil
4.	<p>Rajiv Mehta Nitinbhai</p>	<i>Domestic Companies</i>

Sr. No.	Name, designation, address, date of birth, age, occupation, term, period of directorship and DIN	Other directorships
	<p>Designation: Whole Time Director (designated as CEO)</p> <p>Address: Flat No. 7 & 8, Aquaforte Apt, 12 Kensington Road, Halasuru, Bengaluru, 560 042, Karnataka, India</p> <p>Date of Birth: April 18, 1975</p> <p>Age: 44 years</p> <p>Occupation: Business</p> <p>Term: For a period of four consecutive years from September 3, 2019</p> <p>Period of Directorship: Director since May 11, 2018</p> <p>DIN: 00697109</p>	<ul style="list-style-type: none"> Kan Dfy Sports Private Limited Unicorn Contractors and Developers Private Limited
5.	<p>Lakshmikant Gupta</p> <p>Designation: Chairman and Independent Director</p> <p>Address: A-202, The Icon DLF Phase V, Gurgaon, 122 009, Haryana, India</p> <p>Date of Birth: October 6, 1967</p> <p>Age: 52 years</p> <p>Occupation: Self-employed</p> <p>Term: For a period of five consecutive years from June 1, 2018. Further, he was appointed as the Chairman with effect from December 23, 2019</p> <p>Period of Directorship: Director since May 11, 2018</p> <p>DIN: 07637212</p>	Nil
6.	<p>Shubha Rao Mayya</p> <p>Designation: Independent Director</p> <p>Address: No. 60/45, 6th Cross, Cambridge Layout, Ulsoor, Bangalore 560 008, Karnataka, India</p> <p>Date of Birth: June 12, 1963</p> <p>Age: 56 years</p> <p>Occupation: Professional</p> <p>Term: For a period of five consecutive years from August 30, 2018</p> <p>Period of Directorship: Director since August 30, 2018</p> <p>DIN: 08193276</p>	<p><i>Domestic Companies</i></p> <ul style="list-style-type: none"> Ace Manufacturing Systems Limited

Relationship between our Directors

Except Rajendra Gandhi, who is the father of Neha Gandhi, none of our directors are related to each other.

Brief Biographies of our Directors

Rajendra Gandhi is the Managing Director of our Company. He has cleared the S.S.L.C. examination conducted by the Karnataka Secondary Education Examination Board. He is the founder of our Company and has been on the Board since 1999. He is involved in the day to day affairs of our Company.

Bharat Singh is a nominee Director of SCI and SCI-GIH on the Board of our Company. He holds a bachelor's degree in commerce from the University of Delhi and is a chartered accountant with the Institute of Chartered Accountants of India. He has previously worked as the chief financial officer of Ibibo Group private Limited (formerly known as Pilani Soft Labs Private Limited) and SBI Business Process Management Services Private Limited.

Neha Gandhi is an Executive Director of our Company. She holds a bachelor's degree in business administration from Christ University, Bengaluru and has completed a post graduate certificate programme in sales and marketing management from MICA (formerly Mudra Institute of Communications, Ahmedabad). She has served as a graduate trainee at Viacom 18 Media Private Limited.

Rajiv Mehta Nitinbhai is a Whole Time Director designated as the Chief Executive Officer of our Company. He holds a bachelor's degree in chemical engineering from University of Mumbai and master's degree in science from University of Pennsylvania, and in business administration from INSEAD. He has previously served as the chief executive officer of Arvind Limited. He also serves as a director on the board of directors of, *inter alia*, Unicorn Contractors and Developers Private Limited, Fourseven Services Private Limited and Kan Dfy Sports Private Limited.

Lakshmikant Gupta is an Independent Director of our Company. He holds a bachelor's degree in economics from Hans Raj College, University of Delhi and a post-graduate diploma in business management from Institute of Management Technology, Ghaziabad. He has previously been associated with Ibibo Group Pte Limited, Procter & Gamble Gulf FZE, LG Electronics India Private Limited and Ginnar Software Private Limited. He is also a partner of CMOnow Marketing Consulting LLP.

Shubha Rao Mayya is an Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Mumbai and is a chartered accountant with the Institute of Chartered Accountants of India. She has previously worked with ICICI Limited, ICICI Prudential Life Insurance Company Limited and Tata Consultancy Services Limited. She also serves as a Director on the board of Ace Manufacturing System limited.

Terms of appointment of our Executive Directors

Rajendra Gandhi

The terms of appointment are as per the appointment letter dated March 23, 2015, as amended by the appointment letters dated March 31, 2016, April 1, 2017, April 1, 2018 and July 18, 2019. ("**MD Appointment Letter**")

Term	Liable to retire by rotation
Compensation and benefits	<ul style="list-style-type: none"> Total compensation of ₹10.36 million per annum includes, <i>inter alia</i>, house rent allowance of ₹1.75 million, medical allowance of ₹0.015 million and conveyance allowance ₹0.019 million per annum. Benefits include coverage under a group health insurance, group personal accident insurance policy.
Termination	As per the MD Appointment Letter, Rajendra Gandhi's employment as Managing Director can be terminated either at his instance or by the Company by giving a sixty days prior notice or basic salary for like period in lieu thereof.

Neha Gandhi

The terms of appointment are as per the appointment letter dated September 30, 2016, as amended by appointment letters dated April 1, 2017, April 1, 2018 and July 18, 2019.

Term	Liable to retire by rotation
Compensation and benefits	<ul style="list-style-type: none"> Total compensation of ₹2.36 million includes, <i>inter alia</i>, house rent allowance of ₹0.38 million, medical allowance of ₹0.015 million and conveyance allowance ₹0.019 million per annum. Benefits include official conveyance, coverage under group health insurance policy and group personal accident policy.
Termination	Neha Gandhi's employment as Executive Director can be terminated either on her instance or by the Company by giving a sixty days prior notice or basic salary for like period in lieu thereof.

Rajiv Mehta Nitinbhai

The terms of appointment are as per the employment and confidentiality agreement between our Company and Rajiv Mehta Nitinbhai dated September 3, 2019 ("**Employment Agreement**")

Term	Liable to retire by rotation; For a period of four consecutive years from September 3, 2019 as the Chief Executive Officer of the Company
Compensation and benefits	<ul style="list-style-type: none"> Fixed remuneration: ₹12 million per annum; Variable compensation: 1.25% of the audited profit before tax of our Company; and 312,598 options granted under the ESOP Plan with a strike price of ₹150 per option. For details on the ESOP Plan, please see "<i>Capital Structure</i>" on page 58
Termination	Rajiv Mehta Nitinbhai's employment as Chief Executive Officer can be terminated either on (i) his own accord by paying the Company the balance of his four years contracted salary; or (ii) by the Company for

	'cause' which includes him being involved in any offence involving moral turpitude, breach of any provisions of his agreement with the Company and gross negligence or wilful misconduct; or (iii) by the Company 'without cause' after the Company pays him the balance four years contracted salary
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Pursuant to a resolution passed by the board in its meeting held on September 24, 2019, our Company revised the remuneration paid to our Executive Directors above the threshold permitted under the Companies Act, 2013 read along with Schedule V of the Companies Act, 2013.

Remuneration to our Executive Directors and Whole Time Director

The following table sets forth the details of the remuneration paid to our Executive Directors and Whole Time Director for Fiscal 2019:

S.No.	Name of the Director	Gross Remuneration (including deferred compensation) (₹ in million)
1.	Rajendra Gandhi	9.51
2.	Neha Gandhi	2.17
3.	Rajiv Mehta Nitinbhai	Nil*

*No remuneration was paid to Rajiv Mehta Nitinbhai as an Executive, Director as he was appointed as a Whole Time Director post March 31, 2019

Remuneration to our Independent Directors

Our Company has, pursuant to a board resolution dated July 26, 2018, fixed ₹100,000 as sitting fees payable to our Independent Director, Lakshmikant Gupta for attending the meetings of our Board and pursuant to a resolution dated August 30, 2018 and a shareholders' resolution dated September 10, 2018 fixed ₹100,000 as sitting fees payable to our Independent Director Shubha Rao Mayya for attending the meetings of our Board.

The details of remuneration paid to the Independent Directors of our Company in Fiscal 2019 are set forth in the table below:

S.No.	Name of the Director	Sitting fees paid (₹ in million)
1.	Rajiv Mehta Nitinbhai*	0.70
2.	Lakshmikant Gupta	0.45
3.	Shubha Rao Mayya	0.50

*Rajiv Mehta Nitinbhai subsequently became an executive director with effect from September 3, 2019.

Bonus or profit sharing plan for the Directors

Except for Rajiv Mehta Nitinbhai, Chief Executive Officer of our Company, who is eligible to receive 1.25% share of the Company's audited profit before tax, none of our Directors are party to any bonus or profit sharing plan of our Company.

Service Contracts with Directors

Except certain statutory benefits payable upon termination of employment in our Company to Rajendra Gandhi and Neha Gandhi in their capacity employees of our Company, and Rajiv Mehta Nitinbhai who will receive balance of the four year contract salary upon termination by the Company without cause pursuant to the employment agreement dated September 3, 2019, none of our Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Other than our Director, Bharat Singh who has been nominated to our Board by SCI pursuant to the investment agreement dated February 2, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI as amended by amendment agreement dated March 18, 2010 entered into between Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors has been appointed on the Board. For further details, "History and Certain Corporate Matters - Summary of Key Agreements and Shareholders' Agreements" on page 140.

Borrowing Powers of Board

In accordance with the Articles of Association, subject to applicable law, and pursuant to a resolution passed by the Shareholders of our Company on July 12, 2018, our Board is authorised to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time either in foreign currency and/ or in Indian rupees, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹ 3,500 million.

Shareholding of Directors in our Company

The shareholding of our Directors in our Company as of the date of filing of this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares	Pre-Offer Percentage Shareholding (%)	Post-Offer Percentage Shareholding (%)
Rajendra Gandhi	18,184,619	73.57	●
Neha Gandhi	1	0.00	●
Total	18,184,620	73.57	●

Interest of Directors

Our Independent Directors may be deemed to be interested in our Company to the extent of sitting fees payable to them for attending meetings of our Board or any committee thereof. All our Directors may be deemed to be interested in our Company to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and their respective terms of appointment, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Except as disclosed in “*Our Promoter and Promoter Group*” on page 158 in relation to Rajendra Gandhi, our Directors have no interest in any property acquired or intended to be acquired by our Company or in any transaction for acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to an entity from which our Company has acquired land or proposes to acquire land.

Certain of our Directors may also be regarded as interested in the Equity Shares, and dividends and other distributions payable in relation to such Equity Shares, if any, held by them or their relatives or Equity Shares that may be subscribed by or allotted to them, their relatives or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Bharat Singh, our nominee Director may be deemed to be interested to the extent of shareholding of SCI in our Company.

Except, Rajendra Gandhi, our Managing Director, who is also a promoter of our Company, none of our Directors have any interest in the promotion of our Company.

Except as stated in this sub-section and “*Our Promoter and Promoter Group*” on page 158, our Directors do not have any other interest in our business or our Company.

Changes in our Board in the last three years

The changes in our Board in the last three years preceding the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Appointment/ Resignation/ Re-designation/Cessation	Reason
Rajiv Mehta Nitinbhai	May 11, 2018	Appointed as an additional Independent Director
Lakshmikant Gupta	May 11, 2018	Appointed as an additional Independent Director
Rajiv Mehta Nitinbhai	June 1, 2018	Re-designated as an Independent Director
Lakshmikant Gupta	June 1, 2018	Re-designated as an Independent Director
Shubha Rao Mayya	August 30, 2018	Appointed as an Additional Director (Independent)
Abhay Kumar Pandey	September 21, 2018	Resigned as a non-executive nominee Director
Bharat Singh	September 21, 2018	Appointed as a nominee Director
Shubha Rao Mayya	September 10, 2018	Re-designated as an Independent Director
Rajiv Mehta Nitinbhai	September 3, 2019	Re-designated as Whole Time Director
Lakshmikant Gupta	December 23, 2019	Appointed as Chairman

Corporate Governance

In addition to the corporate governance provisions under the Companies Act, 2013, which are currently applicable to us, the corporate governance provisions of the SEBI Listing Regulations will also become applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Company undertakes to take all necessary steps to continue to comply with all applicable requirements of SEBI Listing Regulations and Companies Act.

Currently, our Board has six Directors, including two women directors. In compliance with the requirements of SEBI Listing Regulations, we have three Executive Directors, two Independent Directors and one nominee Director on our Board. The Chairperson of the Board is Lakshmikant Gupta, who is a non-executive Independent Director.

Committees of our Board

Our Company is in compliance with corporate governance norms prescribed under the SEBI Listing Regulations in relation to Board level committees.

In addition to the committees of our Board detailed below, our Board may from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

Shubha Rao Mayya (Chairperson);

Lakshmikant Gupta (Member); and

Rajendra Gandhi (Member);

The Audit Committee was constituted by a meeting of our Board held on September 21, 2018 and re-constituted by a meeting of our Board held on September 24, 2019. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

- a. Oversight the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the internal auditor, cost auditors and statutory auditor and the fixation of audit fee;
- c. Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- d. Approving payments to the statutory, internal and cost auditors for any other services rendered by statutory auditors, internal and cost auditors;
- e. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
 - ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv) Significant adjustments made in the financial statements arising out of audit findings;
 - v) Compliance with listing and other legal requirements relating to financial statements;
 - vi) Disclosure of any related party transactions;
 - vii) Modified opinions in the draft audit report.
- f. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- g. Scrutiny of inter-corporate loans and investments;
- h. Valuation of undertakings or assets of the Company, wherever it is necessary;
- i. approval or any subsequent modification of transactions of the listed entity with related parties;
- j. Evaluating internal financial controls and risk management systems; and
- k. Approval or any subsequent modification of transactions of the Company with related parties, provided that the audit committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2 (zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.
- l. 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- m. Evaluating undertakings or assets of the Company, wherever necessary;

- n. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- o. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- p. 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;
- q. Discussion with internal auditors on any significant findings and follow up thereon;
- r. 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;
- s. Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- t. 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;
- u. Approval of appointment of the chief financial officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- v. Approval of the appointment of chief financial officer after accessing the qualifications, experience qualifications, experience and background, etc. of the candidate;
- w. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- x. 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;
- y. Carry out other functions as is mentioned in the terms of reference of the audit committee;
- z. Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and
- aa. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

The Audit Committee shall mandatorily review the following information:

- a. management discussion and analysis of financial condition and results of operations;
- b. statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
- c. management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. internal audit reports relating to internal control weakness;
- e. the appointment and removal of the Chief Internal Auditor, shall be subject to review of the Audit Committee;
- f. statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - ii. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Stakeholders Relationship Committee

The members of the Stakeholders Relationship Committee are:

Lakshmikant Gupta (Chairman);

Shubha Rao Mayya (Member); and

Rajendra Gandhi (Member)

The Stakeholders Relationship Committee was constituted by our Board at their meeting held on September 21, 2018 and re-constituted by our Board at their meeting held on September 24, 2019. The terms of reference of the Stakeholders' Relationship Committee include the following:

- a. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of any new/ duplicate certificates, general meetings etc.
- b. Review of measures taken for effective exercise of voting rights by shareholders.
- c. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- d. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

Lakshmikant Gupta (Chairman);

Shubha Rao Mayya (Member); and

Bharat Singh (Member)

The Nomination and Remuneration Committee was constituted by a meeting of our Board held on September 21, 2018 and re-constituted by a meeting of our Board held on September 24, 2019. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

- a. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulating criteria for evaluation of independent directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and recommend to the Board their appointment and removal;
- e. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- f. recommend to the board, all remuneration, in whatever form, payable to senior management.

Corporate Social Responsibility Committee

The members of the CSR Committee are:

Rajendra Gandhi (Chairman);

Shubha Rao Mayya (Member); and

Lakshmikant Gupta (Member)

The CSR Committee was constituted by our Board at their meeting held on September 21, 2018. The terms of reference of the CSR Committee include the following:

- a. Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;
- b. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

- c. Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- d. Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
- e. Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- f. Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- b. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

IPO Committee

The members of the IPO Committee are:

Rajendra Gandhi (Chairman);

Bharat Singh (Member); and

Shubha Rao Mayya (Member)

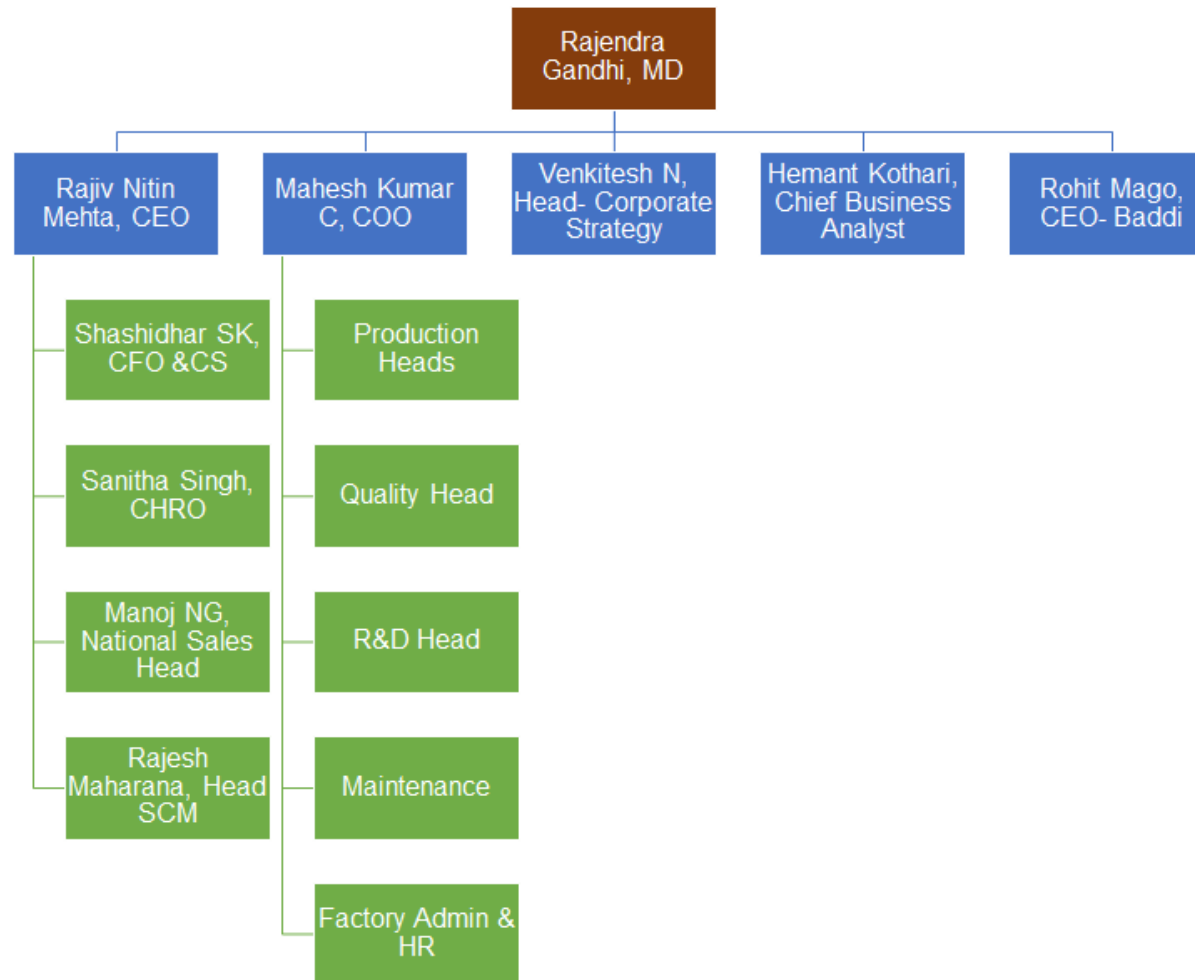
The IPO Committee was constituted by our Board of Directors on September 21, 2018. The IPO Committee has been authorised to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time. The terms of reference of the IPO Committee are as follows:

- a. To make applications where necessary, to the RBI and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- b. To finalize, settle, approve, adopt and file, in consultation with the BRLMs, where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
- c. To decide along with the Selling Shareholders and in consultation with the BRLMs on the size, timing, pricing and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;
- d. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;
- e. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Offer;
- f. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the Listing Regulations or any other Applicable Laws;
- g. To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Listing Regulations or any other Applicable Laws;

- h. To seek, if required, the consent of the lenders of the Company, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;
- i. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- j. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- k. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- l. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforesaid documents;
- m. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- n. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules;
- o. To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale;
- p. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforesaid documents;
- q. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
- r. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company; and
- s. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.
- t. To approve the list of 'group of companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;
- u. Deciding the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws ;
- v. To accept and appropriate the proceeds of the Offer in accordance with the applicable laws;
- w. To approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- x. appointing, in consultation with the BRLMs, the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI ICDR Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents;

- y. appointing the BRLMs in accordance with the provisions of the SEBI ICDR Regulations and other Applicable Laws;
- z. To approve of the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law; and
- aa. To withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage in accordance with the SEBI ICDR Regulations and applicable laws

Management Organisation Chart



Key Managerial Personnel

Apart from our Managing Director, Rajendra Gandhi, and our Executive Director, Neha Gandhi, the following persons are the Key Managerial Personnel of our Company:

Brief profiles of our Key Managerial Personnel

Rajendra Gandhi, our Managing Director, Neha Gandhi, our Executive Director, Rajiv Mehta Nitinbhai, our Chief Executive Officer and Shashidhar SK, our Chief Financial Officer, company secretary and compliance officer are also key managerial personnel of our Company as defined under Section 2(51) of the Companies Act, 2013.

Shashidhar SK is the Chief Financial Officer, Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce from Bangalore University. He is a Chartered Global Management Accountant (CGMA) and Fellow Chartered Management Accountant (FCMA) as certified by the Chartered Institute of Management Accountants ("CIMA"). Additionally, he is also a Fellow member of the Institute of Company Secretaries of India and a Fellow of the Institute of Cost Accountants of India. Prior to joining our Company, he worked with WaterHealth India Private Limited as their Chief Financial Officer- Global, Tata Advanced Materials Limited as their Chief Financial Officer and Company Secretary, Craigmore Textiles Private Limited (part of the Inlaks Group), K.G. Gluco Biols Limited and Carrier Transcold India Private Limited. He has over 25 years of experience in the corporate finance and corporate secretarial field. He joined our Company on July 2, 2018. During Fiscal 2019, he was paid a gross compensation of ₹3.83 million.

Venkitesh N. is the Head – Corporate Planning of our Company. He holds a bachelor's degree in technology from University of Kerala. He has more than 25 years of experience in the manufacturing sector. Prior to joining our Company, he was associated with BPL Limited for 13 years. Venkitesh N. joined our Company on January 4, 2007. During Fiscal 2019, he was paid a gross compensation of ₹3.08 million.

Senthil Kumar R. is the Head - Manufacturing our Company. He holds a bachelor's degree in engineering from University of Madras. He has over 30 years of experience in manufacturing. Prior to joining our Company, he worked with BPL Limited. Senthil Kumar R. joined our Company on April 1, 2011. During Fiscal 2019, he was paid a gross compensation of ₹2.67 million.

Rohit Mago is the Chief Executive Officer of our Company's manufacturing unit located at Baddi. He has passed the examination for the bachelor's degree in science conducted by Government Autonomous Science College, Jabalpur. He also holds a master's degree in business administration from Rani Durgavati Vishwavidyalaya, and a post-graduate certificate in retail management from XLRI Jamshedpur. He has over 18 years of experience in various industries. Prior to joining our Company, he worked with Hindustan Petroleum Corporation Limited for 14 years. Rohit Mago joined our Company on October 10, 2017. During Fiscal 2019, he was paid a gross compensation of ₹4.45 million.

Hemant Kumar Kothari is the Chief Business Analyst of our Company. He holds a bachelor's degree in commerce from the University of Calcutta and a post graduate diploma in management from the Globsyn Business School and, has completed a Franklin Covey course on "The Seven Habits of Highly Effective People". He has 11 years of experience in planning and corporate affairs. He is an associate of the Institute of Cost and Works Accountants of India and also holds an advanced diploma in management accounting from Chartered Institute of Management Accountants. Prior to joining our Company, he worked with Sahaj eVillage Limited. He joined our Company on May 18, 2015. During Fiscal 2019, he was paid a gross compensation of ₹1.73 million.

Manoj N.G. is the National Sales Head – Pigeon division of our Company. He holds a bachelor's degree in science from the University of Calicut and a post graduate diploma in business administration from Xavier Institute of Management & Entrepreneurship, Bangalore. He has more than 16 years of experience in the durable consumer goods sector. Prior to joining our Company, he worked with Samsung India Electronics Private Limited, Panasonic India Limited, MIRC Electronics Limited, IFB Industries Limited, BPL Limited and TCL India Holdings Private Limited. Manoj NG joined our Company on April 2, 2018. During Fiscal 2019, he was paid a gross compensation of ₹4.55 million.

Mahesh C is the Chief Operating Officer of our Company. He holds a bachelor's degree in mechanical engineering from the Kuvempu University. Prior to joining our Company, he worked with Toyota Kirloskar Motor Private Limited and resigned at the post of Deputy General Manufacturing and Production Control and Logistics. As he joined our Company post March 31, 2019, he was not paid any compensation during Fiscal 2019.

All the Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel and with Directors of our Company

Except Rajendra Gandhi, who is the father of Neha Gandhi, none of the Key Managerial Personnel are related to each other. Further, Except Rajendra Gandhi, who is the father of Neha Gandhi, none of the Key Managerial Personnel are related to the Directors of our Company.

Shareholding of Key Managerial Personnel

Except as disclosed below, none of our Key Managerial Personnel hold any Equity Shares as of the date of filing of this Draft Red Herring Prospectus:

Name	Number of Equity Shares	Pre-Offer Shareholding (%)	Post-Offer Shareholding (%)
Rajendra Gandhi	18,184,619	73.57	●
Neha Gandhi	1	0.00	●
Venkitesh N	1	0.00	●
Senthil Kumar R.	1	0.00	●
Total	18,184,623	73.57	●

Bonus or profit sharing plan of the Key Managerial Personnel

Except Rohit Mago, Chief Executive Officer of our Company's unit at Baddi, who is eligible to receive 25% share of the Company's annual profit before tax from the business operations of our Baddi Facility, and Rajiv Mehta Nitinbhai, Chief Executive Officer of our Company, who is eligible to receive 1.25% share of the Company's audited profit before tax, there is no bonus or profit sharing plan for the Key Managerial Personnel. Our Company makes certain performance linked bonus payment for each Fiscal to certain Key Managerial Personnel as per their respective terms of employment.

Interests of Key Managerial Personnel

Except as stated below, and as stated in relation to Rajendra Gandhi, in “– Interest of Directors” and “Our Promoter and Promoter Group” on pages 147 and 158, respectively, and with regard to Neha Gandhi, in “– Interest of Directors” on page 147 and as stated in relation to Senthil Kumar R. and Venkitesh N in “Capital Structure”, the Key Managerial 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.

Our Company purchases aluminium gas valves from Revalve Systems, a partnership firm in which one of our Key Managerial Personnel, Venkitesh N., is a partner.

Service Contracts with Key Managerial Personnel

Except certain statutory benefits payable upon termination of their employment in our Company, or on superannuation, none of our Key Managerial Personnel have entered into any service contract with our Company pursuant to which they are entitled to benefits upon termination of employment.

Changes in the Key Managerial Personnel in the last three years

The changes in the Key Managerial Personnel in the last three years preceding the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Designation	Date of change	Reason for change and reason for resignation
Manoj Pannalal Jain	Chief Financial Officer	April 1, 2017	Appointment
Rohit Mago	Chief Executive Officer, Baddi	October 10, 2017	Appointment
Manoj Pannalal Jain	Chief Financial Officer	December 22, 2017	Resignation due to personal reasons
Anand Singh	SCM – Head	December 22, 2017	Appointment
Radhakrishnan S.	Chief Financial Officer	January 19, 2018	Appointment
Kumaravelu Chandrasekar	Vice President - Operations	January 19, 2018	Appointment
Kiran Prabhakar Joshi	Business Head – Gilma	March 12, 2018	Appointment
Anand Singh	SCM – Head	May 21, 2018	Resignation due to personal reason
Manoj N.G.	National Sales Head – Pigeon division	April 2, 2018	Appointment
Radhakrishnan S.	Chief Financial Officer	April 12, 2018	Resignation due to personal reason
Vivek Mishra	Company Secretary	April 30, 2018	Redesignated as Legal Head with effect from May 1, 2018
Ravikumar Mylsamy	National Sales Head - Modern Retail	May 7, 2018	Appointment
Rehana Anna Rajan	Company Secretary and Compliance Officer	May 15, 2018	Appointment
Shashidhar SK	Chief Financial Officer	July 2, 2018	Appointment
Kamal Aneja	Business Head-Pigeon division	July 10, 2018	Appointment
Rehana Anna Rajan	Company Secretary and Compliance Officer	July 27, 2018	Resignation due to personal reason
Shashidhar SK	Company Secretary and Compliance Officer	July 27, 2018	Appointment
Kumaravelu Chandrasekar	Vice President - Operations	November 23, 2018	Resignation due to personal reasons
Tamal Krishna Chaudhari	President – Black & Decker	December 31, 2018	Resignation due to personal reasons
Kiran Prabhakar Joshi	Business Head – Gilma	January 31, 2019	Resignation due to personal reasons
Ravikumar Mylaswamy	National Sales Head - Modern Retail	May 16, 2019	Resignation due to personal reasons
Rajiv Mehta Nitinbhai	Chief Executive Officer	September 3, 2019	Appointment
Kamal Aneja	Business Head-Pigeon division	September 30, 2019	Resignation due to personal reasons

Name	Designation	Date of change	Reason for change and reason for resignation
Vivek Mishra	Legal head	September 30, 2019	Resignation due to personal reasons
Senthil Kumar R	Head – Manufacturing	October 1, 2019	Re-designation

ESOP Plan

For details regarding our ESOP Plan, see “*Capital Structure*” on page 58.

OUR PROMOTER AND PROMOTER GROUP

Rajendra Gandhi and Sunita Rajendra Gandhi are the Promoters of our Company. Our Promoters hold an aggregate of 18,443,919 Equity Shares, aggregating to 74.62% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details, see “*Capital Structure*” on page 58.



Rajendra Gandhi

Rajendra Gandhi (DIN: 01646143), born on December 27, 1967 and aged 52 years, is the Managing Director of our Company. He is a resident Indian national. For further details in respect of his address, educational qualifications, professional experience, posts held in the past and other directorships, see “*Our Management*” on page 143.

His permanent account number is ABLPG5270E and his aadhar card number is 811061561579. He does not hold a driver’s license.

Rajendra Gandhi holds 18,184,619 Equity Shares in our Company. Other than as disclosed in “*History and Certain Corporate Matters*” and “*Our Management*” on pages 137 and 143, respectively, Rajendra Gandhi is a partner of Stovekraft India.

Sunita Rajendra Gandhi



Sunita Rajendra Gandhi (DIN: 01676100), born on August 11, 1971 and aged 48 years, is a resident Indian national. She resides at 203, Olympus 1, Prestige Acropolis, Hosur Road, Adugodi, Bengaluru, 560 029, Karnataka, India. She is not involved in the day to day management of our Company. She has completed her senior secondary certificate examination from SS Jain V High School, Secunderabad.

Her permanent account number is ADUPG6366L and her aadhar card number is 783627377862. She holds a driver’s license no. 7102/99.

Sunita Rajendra Gandhi holds 259,300 Equity Shares in our Company. Sunita Rajendra Gandhi is not involved in any other venture. She is not a director in any Company.

Our Company confirms that the permanent account number, bank account number and passport number of Rajendra Gandhi and Sunita Rajendra Gandhi shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding in our Company and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see “*Capital Structure*” and “*Our Management*” on pages 58 and 143, respectively.

Except as disclosed in “*Financial Statements*” on page 164, no sum has been paid or agreed to be paid to any of our Promoters or to the firms or companies in which they are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or otherwise for services rendered by such Promoter(s) or by such firms or Companies in connection with the promotion or formation of our Company.

Our Promoter, Rajendra Gandhi, is interested (i) in slump sale agreement dated March 31, 2016 for purchase of all rights, title and interest of Saya Industries of which he was a partner in the unit situated in Buranwala, Baddi, Himachal Pradesh, together with all assets and liabilities by our Company; (ii) as a partner of Stovekraft India, from whom our Company proposed through an agreement to sell dated November 14, 2017, to acquire land admeasuring 6 bighas 12 biswa comprising no 201, K\K no. 120/121, Khasra no. 509/307 and factory constructed thereon, situated in village Buranwala, Tehsil Baddi, Solan, Himachal Pradesh; (iii) to the extent that land bearing survey number 81/6, admeasuring 1 acre and 5 guntas, forming part of unit II of our manufacturing facility in Bengaluru, situated at Medamaranahalli Village, Harohalli Hobli, Kanakapura Taluk, is proposed to be acquired by our Company from him; and (iv) in lands bearing re-survey number 89/2A and 89/2A3 (total area admeasuring 2 acres), 81/1 (total area admeasuring 2 acre), 89/2B (total area admeasuring 1 acre 24 guntas) forming part of Unit I of the manufacturing facility of our Company situated at Medamaranahalli Village, Harohalli Hobli, Kanakapura Taluk, Bengaluru which were acquired by the Company. Except as disclosed in this section and in “*Financial Statements*” on page 164, our Promoters have no interest in any property acquired by our Company during the two years preceding the date of this Draft Red Herring Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Business and other Interests

Our Promoters are interested in our Company (i) in case of Rajendra Gandhi, to the extent of being the Managing Director of our Company and the compensation, perquisites payable to him and as partner of Stovekraft India (in which he holds a 1% stake) which receives rent from the Company; (ii) in case of Sunita Rajendra Gandhi, to the extent of rent receivable from our Company for the premises situated at PID No. 169-W0079-2, 10th Main Road, 3rd Block, Block, Jayanagar, Bengaluru – 560 011, out of which we operate our service centre; and (iii) to the extent of any other transactions or business arrangements of our Company with our Promoters, or their relatives, or entities in which our Promoters hold shares or interest, or entities in which our Promoters are members of the board of directors or firms in which our Promoters or relatives of our Promoters are directly or indirectly interested. For details regarding the shareholding of our Promoters and the members of our Promoter Group in our Company, directorship of Rajendra Gandhi, and guarantees extended by our Promoters, see “*Capital Structure*”, “*Our Management*” and “*Financial Indebtedness*” beginning on pages 58, 143, and 242, respectively, and for business transactions between our Company and our Promoters, or their relatives or entities in which our Promoters or their relatives are directly or indirectly interested, see “*Financial Statements – Related Party Transactions*” on page 203.

Payment of benefits to our Promoters or our Promoter Group

Except as stated in this section, “*Our Management*”, and “*Financial Statements*” on pages 143 and 164 respectively, no amount or benefit has been paid or given to our Promoters or Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or Promoter Group.

Litigation involving our Promoters

Except as stated in “*Outstanding Litigation and Material Developments*” on page 244, there is no litigation involving our Promoters as on the date of this Draft Red Herring Prospectus.

Common Pursuits

Our Promoter, Rajendra Gandhi, is a partner of Stove Kraft India and a director of PAPL which are in the same line of business as the Company. We have and shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details of related business transactions and their significance on the financial performance of our Company, see “*Financial Statements - Related Party Transactions*” on page 203.

Companies or firms with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

S.No.	Name of Promoter	Name of entity	Reason for disassociation	Date of disassociation
1.	Rajendra Gandhi	Saya Industries	Dissolution of Saya Industries	March 31, 2018
2.	Rajendra Gandhi	Pronova Ventures LLP*	Resignation as partner and cessation of interest in the limited liability partnership	March 16, 2018

*Pronova Ventures LLP is not a group company and not in a similar line of business as our Company.

Our Promoter Group

In addition to the Promoters named above, the following individuals and entities form part of the Promoter Group of the Company.

A. Natural persons who are part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Rajendra Gandhi	Sanjay J Gandhi	Brother
	• R Meena	Sisters
	• Vijaya Kataria	
	• Sarala Prakash	
	• Sangeetha	
	Kunal Gandhi	Son
	Neha Gandhi	Daughter
	Palak Rajendra Gandhi	Daughter
	I Sukhi Bai	Spouse's Mother
	Rajesh Jain	Spouse's Brother
	J Lalith Jain	Spouse's Brother
	• Sushila Subhashchand Jain	Spouse's Sisters
	• Kavitha Mahendar	
	• N Babitha	
	• Komal Pravin Mutha	

Name of Promoter	Name of relative	Relationship
Sunita Rajendra Gandhi	I Sukhi Bai	Mother
	• Rajesh Jain	Brother
	• J Lalith Jain	Brother
	• Sushila Subhashchand Jain	Sisters
	• Kavitha Mahendar	
	• N Babitha	
	• Komal Pravin Mutha	
	Kunal Gandhi	Son
	Neha Gandhi	Daughter
	Palak Rajendra Gandhi	Daughter
	Sanjay J Gandhi	Spouse's Brother
	• R Meena	Spouse's Sisters
	• Vijaya Kataria	
	• Sarala Prakash	
	• Sangeetha	

B. Entities forming part of the Promoter Group

The entities forming a part of our Promoter Group are as follows:

- Jain Overseas (partnership firm)
- Sprouts Angels LLP;
- Jain Realty (partnership firm);
- Lalith Kumar Jain Jeevraj (HUF);
- Jeevraj Rajesh Kumar Jain (HUF);
- Jeevraj Jain (HUF);
- Misirilal (HUF); and
- Rickhabchand (HUF)

OUR GROUP COMPANIES

In terms of SEBI ICDR Regulations, our Board passed a resolution dated January 23, 2020 approving the materiality policy for the identification of group companies of our Company. As per the materiality policy, the following companies will be considered group companies – (i) such companies with which there were related party transactions as per the Restated Financial Statements of our Company; and (ii) such other companies as are otherwise considered material by the Board.

Accordingly, Shinag Allied Enterprises Private Limited (“SAEPL”) has been identified as a Group Company and our Board has approved that other than SAEPL there are no companies which are considered material by the Board to be identified as a group company.

Unless otherwise specified, all information in this section is as of the date of this Draft Red Herring Prospectus.

A. Details of our Group Company

1. Shinag Allied Enterprises Private Limited (“SAEPL”)

Corporate Information

SAEPL was incorporated on March 1, 2017 under the Companies Act, 2013 as a private limited company pursuant to the conversion of Shinag Allied Enterprises, a partnership firm. It has its registered office at Khata No. 141/117/A, Sy No. 215/4, Gabbadi Village, Kanakapura Taluk, Harohalli Hobli, Ramanagar, 562 112, Bengaluru, Karnataka, India. The corporate identity number of SAEPL is U28994KA2017PTC100965.

Nature of Activities

SAEPL is engaged, *inter alia*, in the business of manufacturing, importing and exporting all kinds and varieties of metal components and metals, heating stoves for domestic and other applications, tools and jugs for consumer durables. SAEPL is not a listed company.

Our Promoters have no interest in SAEPL.

Financial Information

The following information has been derived from the audited financial statements of Shinag Allied Enterprises Private Limited for the previous three fiscals:

Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017*
Equity Capital	5,000,000.00	5,000,000.00	NA
Reserve and Surplus (excluding revaluation reserves)	29,163.00	2,973,510.00	
Sales and other income	428,041,040.00	494,585,341.00	
Profit after tax	(2,944,347.00)	2,973,510.00	
Basic earnings per share	(5.89)	5.95	
Diluted earnings per share	(5.89)	5.95	
Net asset value (networth)	5,029,163.00	7,973,510.00	
Number of equity shares	500,000.00	500,000.00	
Net asset per share	10.06	15.95	

*SAEPL was incorporated on March 1, 2017 and therefore there is no financial information available for Fiscal 2017

Significant notes of auditors of SAEPL for the last three Financial Years

SAEPL does not have any significant notes of auditors in its audited financial statements for Fiscal 2019 and 2018

Sick or Defunct Group Company

As on date of this Draft Red Herring Prospectus, our Group Company is not defunct and no application has been made to the registrar of companies for striking off the name of our Group Company during the five years preceding the date of filing of this Draft Red Herring Prospectus with SEBI. Further, our Group Company does not fall under the definition of sick companies under the erstwhile SICA, and as on the date of this Draft Red Herring Prospectus, no winding up proceedings are pending against our Group Company. Further, our Group Company has not been declared as insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and there are no insolvency or bankruptcy proceedings initiated against our Group Company.

Common Pursuits amongst the Group Company and our Company

Our Group Company is in the same line of business as our Company. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, as and when they may arise. For further details, see *“Risk Factors- Our Group Company SAEPL is engaged primarily in manufacturing, importing and exporting of components for domestic and other appliances. Any conflict of interest which may occur between the business of SAEPL and us could adversely affect our business, prospects, results of operations and financial condition.”* on page 23.

Related Business Transactions with the Group Company and significance on the financial performance of our Company

For further information, see *“Financial Statements”* on page 164.

Litigation

Our Group Company is not party to any pending litigation which will have material impact on our Company.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. Our Company has no formal dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see “*Financial Indebtedness*” on page 242.

We have not declared any dividends in the three Fiscals and the six month period ended September 30, 2019 immediately preceding the filing of this Draft Red Herring Prospectus.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
STOVE KRAFT LIMITED
(Formerly STOVE KRAFT PRIVATE LIMITED)
81/1, Medamarana Halli Village, Harohalli Hobli Industrial Area,
Kanakapura Taluk, Ramanagara District,
Bangalore- 562112,
Karnataka, India

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Stove Kraft Limited (Formerly Stove Kraft Private Limited) (hereinafter referred to as the "Company", the "Parent") and its partnership firms (the parent and its partnership firms together referred to as the "Group") comprising the Restated Consolidated Statement of Assets and Liabilities as at September 30, 2019, March 31, 2019, 2018 and 2017, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the six month period ended September 30, 2019 and for the years ended March 31, 2019, 2018 and 2017, the Summary Statement of Significant Accounting Policies, and other explanatory information and notes thereon (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on January 31, 2020 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Karnataka situated at Bengaluru, in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2.1 to the Restated Consolidated Financial Information. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:
- a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 03, 2020 in connection with the proposed IPO of equity shares of the Company;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.
4. These Restated Consolidated Financial Information have been compiled by the Management from:
- a) audited special purpose consolidated Ind AS financial statements of the Group as at and for the six month period ended September 30, 2019 prepared in accordance with the recognition and measurement principles of Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", issued by Institute of Chartered Accountants of India and other accounting principles generally accepted in India **(the "Special Purpose Consolidated Ind AS Financial Statements")**, which have been approved by the Board of directors at their meeting held on January 31, 2020.
 - b) audited consolidated Ind AS financial information of the Group as at and for the year ended March 31, 2019 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2018 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 19, 2019. The Comparative Ind AS financial statements as at and for the year ended March 31, 2018 have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, which was approved by the Board of directors at their meeting held on September 21, 2018.
 - c) The Restated Consolidated Financial Information also contains the proforma consolidated Ind AS financial information as at and for the year ended March 31, 2017. These proforma consolidated Ind AS financial information have been prepared by making Ind AS adjustments to the special purpose Indian GAAP financial statements as at and for the year ended March 31, 2017 which have been approved by the Board of Directors at their meetings held on September 21, 2018 as described in Note 2 to the Restated Consolidated Financial Information.
5. **For the purpose of our examination, we have relied on the auditors' reports** issued by us dated January 31, 2020, June 19, 2019, September 24, 2018 and September 24, 2018 on the consolidated financial statements of the Group as at and for the six month period ended September 30, 2019 and as at and for the years ended March 31, 2019, 2018 and 2017 as referred in Paragraph 4 above.

6. The audit report on the consolidated Ind AS financial statements issued by us included following matter under **'Report on Other Legal and Regulatory Requirements'** section of the audit report:

a) As at and for the year ended March 31, 2019:

On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, in respect of one of the directors, disqualification was attracted u/s 164 (2) of the Act however the company has received an order to maintain status quo of the directorship of the director from National Company Law Tribunal as referred in note no. 46 and all other directors are not disqualified as on March 31, 2019 from being appointed as director in the term of section 164(2) of the Act.

b) As at and for the year ended March 31, 2018:

On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, in respect of one of the directors, disqualification was attracted u/s 164 (2) of the Act however the company has received an order to maintain status quo of the directorship of the director from National Company Law Tribunal as referred in note no. 44 and all other directors are not disqualified as on March 31, 2018 from being appointed as director in the term of section 164(2) of the Act.

7. The audit reports on the consolidated Ind AS financial statements for the year ended March 31, 2019, on the consolidated Indian GAAP financial statements for the year ended March 31, 2018 and on the special purpose consolidated Indian GAAP financial statements for the year ended March 31, 2017 included an Emphasis of Matter paragraph in relation to uncertainty relating to the outcome of the income tax matters under appeal with various appellate forums in case of the partnership firm (i.e. Stovekraft India). Our opinion is not modified in respect of this matter.
8. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:
- a. have been made after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in respective financial years ended March 31, 2019 and 2018 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the six month period ended September 30, 2019;
 - b. have been prepared after incorporating proforma Ind AS adjustments to the audited special purpose Indian GAAP consolidated financial statements as at and for the year ended March 31, 2017 as described in Note 2.1 to the Restated Consolidated Financial Information;
 - c. do not require any adjustment for modification as there is no modification in the underlying audit reports; and
 - d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of our reports on audited consolidated financial statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Karnataka in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

S. Sundaresan
Partner
(Membership No. 25776)
(UDIN: 20025776AAAAAM7099)

Place: Bangalore
Date: January 31, 2020

Restated Consolidated Statement of Assets and Liabilities

Particulars	Note No.	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Non-current assets					
Property, plant and equipment	3(a)	1,814.64	1,787.16	1,821.45	1,877.45
Right-of-use assets	3(b)	31.72	-	-	-
Capital work-in-progress		2.77	9.48	6.08	0.86
Intangible assets	3(c)	3.92	4.71	6.32	7.93
Intangible assets under development		15.39	7.82	-	-
Financial assets					
Investments	4	-	-	-	-
Other financial assets	5	51.35	50.96	38.01	30.88
Deferred tax assets	46	-	-	-	-
Non-current tax asset (net)	5A	2.39	46.57	47.14	47.64
Other non-current assets	6	13.61	13.66	30.92	13.08
Total non-current assets		1,935.79	1,920.36	1,949.92	1,977.84
Current assets					
Inventories	7	1,284.64	974.14	1,051.38	726.27
Financial assets					
Trade receivables	8	1,428.15	896.56	795.52	592.84
Cash and cash equivalents	9(a)	61.02	285.24	4.00	5.42
Bank balances other than cash and cash equivalents as above	9(b)	40.70	29.55	33.81	31.25
Loans	10	3.26	4.52	0.27	70.30
Other financial assets	11	12.90	19.12	10.79	11.19
Other current assets	12	168.31	127.77	90.73	93.76
Total current assets		2,998.98	2,336.90	1,986.50	1,531.03
Total assets		4,934.77	4,257.26	3,936.42	3,508.87
EQUITY AND LIABILITIES					
Equity					
Equity share capital	13(a)	247.17	247.17	189.00	189.00
Other equity	13(b)	(837.46)	(886.63)	(1,990.02)	(1,873.01)
Equity attributable to owners of the Company		(590.29)	(639.46)	(1,801.02)	(1,684.01)
Non-controlling interests	14	2.24	2.17	2.14	2.54
Total equity		(588.05)	(637.29)	(1,798.88)	(1,681.47)
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	15	2,061.75	2,100.26	3,113.05	2,867.47
Lease liabilities	36	19.39	-	-	-
Other financial liabilities	16	90.87	96.01	148.27	169.04
Deferred tax liability	46	-	-	-	-
Provisions	17	52.88	46.12	34.14	30.70
Total non-current liabilities		2,224.89	2,242.39	3,295.46	3,067.21
Current liabilities					
Financial liabilities					
Borrowings	18	1,114.06	999.44	809.58	781.19
Lease liabilities	36	12.70	-	-	-
Trade payables	19				
Total outstanding dues of micro enterprises and small enterprises		70.97	59.87	40.28	8.09
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,776.31	1,281.14	1,411.32	1,074.31
Other financial liabilities	20	232.83	237.66	110.21	97.47
Provisions	21	15.44	15.02	16.07	77.88
Other current liabilities	22	66.87	53.92	52.24	78.09
Current tax liabilities (net)	22A	8.75	5.11	0.14	6.10
Total current liabilities		3,297.93	2,652.16	2,439.84	2,123.13
Total liabilities		5,522.82	4,894.55	5,735.30	5,190.34
Total equity and liabilities		4,934.77	4,257.26	3,936.42	3,508.87

See accompanying notes 1 to 46 forming part of the restated consolidated financial information.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S. Sundaresan
Partner
Membership Number: 25776

Rajendra Gandhi
Managing Director
DIN: 01646143

Neha Gandhi
Director
DIN: 07623685

Rajiv Mehta
Chief Executive Officer
DIN: 00697109

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place: Bengaluru
Date : January 31, 2020

Place: Bengaluru
Date : January 31, 2020

Stove Kraft Limited
(Formerly Stove Kraft Private Limited)
Restated Consolidated Financial Information
(Amount in Rupees Millions except for share data or as otherwise stated)

Restated Consolidated Statement of Profit and Loss

Particulars	Note No.	For the half year ended	For the year ended		
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
					Proforma
Income					
Revenue from operations	23	3,155.07	6,409.38	5,289.52	5,150.33
Other income	24	19.26	16.60	56.33	29.21
Total Income		3,174.33	6,425.98	5,345.85	5,179.54
Expenses					
Cost of materials consumed	25	1,526.30	3,175.40	2,411.19	2,669.69
Purchase of stock in trade	26	722.39	1,326.00	1,203.26	833.73
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(196.72)	(114.78)	(78.96)	(117.43)
Excise duty		-	-	53.33	215.49
Employee benefits expenses	28	393.32	697.95	590.87	516.25
Finance cost	29	101.43	179.20	169.35	150.05
Depreciation and amortization expenses	30	57.85	123.38	112.25	110.68
Other expenses	31	522.23	1,026.59	1,010.11	983.33
Total expenses		3,126.80	6,413.74	5,471.40	5,361.79
Restated Profit/(Loss) before exceptional items and tax		47.53	12.24	(125.55)	(182.25)
Exceptional items		-	-	-	-
Restated Profit/(Loss) before tax		47.53	12.24	(125.55)	(182.25)
Tax expense / (benefit):					
Current tax expense		3.64	4.60	-	-
Current tax expense relating to prior years		-	0.28	(5.37)	2.78
Deferred tax		-	-	-	-
Net tax expense / (benefit)		3.64	4.88	(5.37)	2.78
Restated profit/(loss) for the period / year		43.89	7.36	(120.18)	(185.03)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit Plans - Gains / (losses)		(1.68)	1.64	1.75	1.32
Income tax impact		-	-	-	-
Items that will not be reclassified to profit or loss (net of tax)		(1.68)	1.64	1.75	1.32
Items that will be reclassified to profit or loss					
Fair value changes on cash flow hedges		-	0.05	1.24	-
Income tax impact		-	-	-	-
Items that will be reclassified to profit or loss (net of tax)		-	0.05	1.24	-
Total other comprehensive income for the period / year		(1.68)	1.69	2.99	1.32
Total restated comprehensive income for the period / year		42.21	9.05	(117.19)	(183.71)
Restated profit/(loss) for the period / year attributable to:					
Owners of the Company		43.82	7.33	(120.00)	(184.81)
Non controlling interests		0.07	0.03	(0.18)	(0.22)
Total		43.89	7.36	(120.18)	(185.03)
Other restated comprehensive income for the period / year attributable to:					
Owners of the Company		(1.68)	1.69	2.99	1.32
Non controlling interests		-	-	-	-
Total		(1.68)	1.69	2.99	1.32
Total restated comprehensive income for the period / year attributable to:					
Owners of the Company		42.14	9.02	(117.01)	(183.49)
Non controlling interests		0.07	0.03	(0.18)	(0.22)
Total		42.21	9.05	(117.19)	(183.71)
Earnings per share					
Basic (in Rs.) (Face value of Rs.10 each)	34	1.77	0.33	(6.35)	(9.78)
Diluted (in Rs.) (Face value of Rs.10 each)	34	1.77	0.33	(6.35)	(9.78)

See accompanying notes 1 to 46 forming part of the restated consolidated financial information.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S. Sundaresan
Partner
Membership Number: 25776

Rajendra Gandhi
Managing Director
DIN: 01646143

Neha Gandhi
Director
DIN: 07623685

Rajiv Mehta
Chief Executive Officer
DIN: 00697109

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place: Bengaluru
Date : January 31, 2020

Place: Bengaluru
Date : January 31, 2020

Stove Kraft Limited
(Formerly Stove Kraft Private Limited)
 Restated Consolidated Financial Information
 (Amount in Rupees Millions except for share data or as otherwise stated)

Restated Consolidated Statement of Changes in Equity

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Equity share capital				
Opening balance	247.17	189.00	189.00	189.00
Changes in equity share capital during the period / year				
Add: Issued during the period / year	-	58.17	-	-
Closing balance	247.17	247.17	189.00	189.00

Other equity

Particulars	Reserve and surplus			Items of other comprehensive income	Attributable to owners of the Parent	Non Controlling interest	Total other equity
	Retained earnings	Securities Premium	Share options outstanding account				
Balance as at 01 April 2016 (Proforma)	(1,688.23)	-	-	(2.49)	(1,690.72)	2.76	(1,687.96)
Restated Loss for the year	(184.81)	-	-	-	(184.81)	(0.22)	(185.03)
Remeasurement of defined benefit obligation	1.32	-	-	-	1.32	-	1.32
Fair Value changes on cash flow hedge	-	-	-	1.20	1.20	-	1.20
Balance as at 31 March 2017 (Proforma)	(1,871.72)	-	-	(1.29)	(1,873.01)	2.54	(1,870.47)
Balance as at 01 April 2017 (Proforma)	(1,871.72)	-	-	(1.29)	(1,873.01)	2.54	(1,870.47)
Restated Loss for the year	(120.00)	-	-	-	(120.00)	(0.18)	(120.18)
Remeasurement of defined benefit obligation	1.75	-	-	-	1.75	-	1.75
Minority interest adjusted during the year	-	-	-	-	-	(0.22)	(0.22)
Fair Value changes on cash flow hedge	-	-	-	1.24	1.24	-	1.24
Balance as at 31 March 2018	(1,989.97)	-	-	(0.05)	(1,990.02)	2.14	(1,987.88)
Balance as at 01 April 2018	(1,989.97)	-	-	(0.05)	(1,990.02)	2.14	(1,987.88)
Restated Profit for the year	7.33	-	-	-	7.33	0.03	7.36
Premium on shares issued during the year	-	1,094.37	-	-	1,094.37	-	1,094.37
Remeasurement of defined benefit obligation	1.64	-	-	-	1.64	-	1.64
Fair Value changes on cash flow hedge	-	-	-	0.05	0.05	-	0.05
Balance as at 31 March 2019	(1,981.00)	1,094.37	-	-	(886.63)	2.17	(884.46)
Balance as at 01 April 2019	(1,981.00)	1,094.37	-	-	(886.63)	2.17	(884.46)
Restated Profit for the period	43.82	-	-	-	43.82	0.07	43.89
Remeasurement of defined benefit obligation [Gain/(Loss)]	(1.68)	-	-	-	(1.68)	-	(1.68)
Share option recorded on grant during the period	-	-	7.03	-	7.03	-	7.03
Balance as at 30 September 2019	(1,938.86)	1,094.37	7.03	-	(837.46)	2.24	(835.22)

See accompanying notes 1 to 46 forming part of the restated consolidated financial information.

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

For and on behalf of the Board of Directors

S. Sundaresan
 Partner
 Membership Number: 25776

Rajendra Gandhi
 Managing Director
 DIN: 01646143

Neha Gandhi
 Director
 DIN: 07623685

Rajiv Mehta
 Chief Executive Officer
 DIN: 00697109

Shashidhar SK
 Chief Financial Officer & Company Secretary
 Membership Number: FCS 7119

Place: Bengaluru
 Date : January 31, 2020

Place: Bengaluru
 Date : January 31, 2020

Restated Consolidated Statement of Cashflows

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Cashflow from operating activities				
Restated Profit / (Loss) before tax	47.53	12.24	(125.55)	(182.25)
Adjustments for :				
Depreciation and amortisation expense	57.85	123.38	112.25	110.68
Provision for doubtful trade and other receivables, loans and advances and bad debts written off (net)	27.44	22.07	59.65	4.89
Liability no longer required written back	(0.76)	(12.36)	(41.85)	(9.55)
Provision for Warranty	-	-	9.06	5.56
Interest on deposit with bank	(1.22)	(1.66)	(1.80)	(2.65)
Government grant (EPCG Scheme)	-	-	(2.52)	-
(Profit) / loss on fair valuation of derivative instruments	(1.16)	4.03	(1.33)	2.73
Fair valuation of Compulsorily Convertible Debentures	-	-	153.80	205.20
(Profit) / loss on sale of property, plant and equipment	(0.26)	(0.13)	1.02	(1.46)
Finance cost	84.46	179.20	152.89	134.67
Unrealised exchange difference on lease liabilities	(0.20)	-	-	-
Employees share option cost recorded on grants	7.03	-	-	-
Unrealised exchange difference on foreign currency transactions and translation (net)	(0.05)	(7.82)	2.98	(5.07)
Operating cash profit before changes in working capital	220.66	318.95	318.60	262.75
Changes in working capital				
Adjustment for (increase)/ decrease in operating assets :				
Other financial assets	7.86	(16.88)	43.79	(0.33)
Inventories	(310.50)	77.24	(325.11)	(27.37)
Trade receivables	(559.04)	(123.50)	(247.93)	(103.03)
Other assets	(14.25)	(24.62)	(12.47)	(61.03)
Adjustment for increase/ (decrease) in operating liabilities:				
Other financial liabilities	(10.12)	(22.39)	18.35	59.64
Trade payables	507.39	(92.04)	343.34	201.30
Other current liabilities	12.95	1.68	(25.85)	(23.72)
Provisions	5.50	12.62	0.41	(0.30)
Cash generated from/(used in) operations	(139.55)	131.06	113.13	307.91
Net income taxes (paid) / refund received	44.18	0.66	(0.09)	(13.11)
Net cash generated from/(used in) operating activities (A)	(95.37)	131.72	113.04	294.80
Cashflows from investing activities				
Capital expenditure on property, plant and equipments (including capital advance)	(111.15)	(74.43)	(63.18)	(70.95)
Proceeds from sale of property, plant and equipments	0.34	0.13	2.32	2.61
Interest received on bank deposits	0.43	1.93	1.93	3.08
Movement of margin money deposit with banks (net)	(11.15)	4.26	(2.56)	17.92
Net cash generated from/(used in) investing activities (B)	(121.53)	(68.11)	(61.49)	(47.34)
Cash flows from Financing activities				
Proceeds from long-term borrowings	123.56	250.00	125.00	-
Repayment of long-term borrowings	(158.08)	(38.76)	(56.56)	(51.73)
Proceeds/(repayment) from short-term borrowing (net)	114.33	191.87	26.76	(69.48)
Payment of lease liabilities	(3.45)	-	-	-
Finance cost	(83.68)	(185.48)	(148.17)	(124.94)
Net cash generated from / (used in) financing activities (C)	(7.32)	217.63	(52.97)	(246.15)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(224.22)	281.24	(1.42)	1.31
Cash and cash equivalents at beginning of the year	285.24	4.00	5.42	4.11
Cash and cash equivalents at the end of the year* (Refer note 9(a))	61.02	285.24	4.00	5.42
* Comprises:				
(a) Cash on hand	0.58	0.55	0.82	0.46
(b) Balances with banks:				
in current accounts	60.44	89.69	3.18	4.96
in fixed deposits	-	195.00	-	-
Total	61.02	285.24	4.00	5.42

See accompanying notes 1 to 46 forming part of the restated consolidated financial information.

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IndAS 7) - Statement of cash flows.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

S. Sundaresan
Partner
Membership Number: 25776

Rajendra Gandhi
Managing Director
DIN: 01646143

Neha Gandhi
Director
DIN: 07623685

Rajiv Mehta
Chief Executive Officer
DIN: 00697109

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Note No. 3(a) Property, plant and equipment

Particulars	Land	Buildings	Plant and machinery	Furniture and fixtures	Lease hold improvements*	Computers	Office equipments	Vehicles	Total
Gross Block									
Opening balance as at 01 April 2016 (Proforma)	842.80	382.71	751.12	22.95	31.82	14.93	19.44	7.12	2,072.89
Additions	0.48	16.99	24.89	2.45	3.74	4.73	1.46	13.58	68.32
Disposals	-	-	(1.18)	-	-	(2.05)	-	(0.54)	(3.77)
Gross block as at 31 March 2017 (Proforma)	843.28	399.70	774.83	25.40	35.56	17.61	20.90	20.16	2,137.44
Accumulated depreciation									
Opening accumulated depreciation	-	(4.86)	113.79	2.90	25.16	7.70	5.73	3.96	154.38
Depreciation expense for the year	-	15.13	78.54	2.69	3.49	3.28	2.96	2.14	108.23
Eliminated on disposal of assets	-	-	(0.39)	-	-	(1.87)	-	(0.36)	(2.62)
Accumulated depreciation as at 31 March 2017 (Proforma)	-	10.27	191.94	5.59	28.65	9.11	8.69	5.74	259.99
Carrying amount as at 31 March 2017 (Proforma)	843.28	389.43	582.89	19.81	6.91	8.50	12.21	14.42	1,877.45
Gross Block									
Deemed Cost as at 01 April 2017	843.28	389.43	582.89	19.81	6.91	8.50	12.21	14.42	1,877.45
Additions	-	2.05	39.11	0.20	2.57	0.68	1.92	10.17	56.70
Disposals	-	-	(8.67)	(0.40)	-	(0.08)	-	(0.29)	(9.44)
Gross block as at 31 March 2018	843.28	391.48	613.33	19.61	9.48	9.10	14.13	24.30	1,924.71
Accumulated depreciation									
Depreciation expense for the year	-	15.54	78.55	2.78	2.55	4.01	3.27	2.66	109.36
Eliminated on disposal of assets	-	-	(5.40)	(0.37)	-	(0.08)	-	(0.25)	(6.10)
Accumulated depreciation as at 31 March 2018	-	15.54	73.15	2.41	2.55	3.93	3.27	2.41	103.26
Carrying amount as at 31 March 2018	843.28	375.94	540.18	17.20	6.93	5.17	10.86	21.89	1,821.45
Gross Block									
Opening balance as at 01 April 2018	843.28	391.48	613.33	19.61	9.48	9.10	14.13	24.30	1,924.71
Additions	1.20	4.49	89.15	0.68	-	1.19	0.27	-	96.98
Disposals	-	-	(12.20)	-	-	-	-	-	(12.20)
Gross block as at 31 March 2019	844.48	395.97	690.28	20.29	9.48	10.29	14.40	24.30	2,009.49
Accumulated depreciation									
Opening accumulated depreciation	-	15.54	73.15	2.41	2.55	3.93	3.27	2.41	103.26
Depreciation expense for the year	-	15.88	89.35	2.92	2.27	3.78	3.35	3.43	120.98
Eliminated on disposal of assets	-	-	(1.91)	-	-	-	-	-	(1.91)
Accumulated depreciation as at 31 March 2019	-	31.42	160.59	5.33	4.82	7.71	6.62	5.84	222.33
Carrying amount as at 31 March 2019	844.48	364.55	529.69	14.96	4.66	2.58	7.78	18.46	1,787.16
Gross Block									
Opening balance as at 01 April 2019	844.48	395.97	690.28	20.29	9.48	10.29	14.40	24.30	2,009.49
Additions	-	21.27	56.36	0.48	-	0.51	1.34	-	79.96
Disposals	-	-	(0.76)	-	-	(0.86)	(0.08)	-	(1.70)
Gross block as at 30 September 2019	844.48	417.24	745.88	20.77	9.48	9.94	15.66	24.30	2,087.75
Accumulated depreciation									
Opening accumulated depreciation	-	31.42	160.59	5.33	4.82	7.71	6.62	5.84	222.33
Depreciation expense for the period	-	8.12	38.48	1.09	0.86	0.87	1.36	1.62	52.40
Eliminated on disposal of assets	-	-	(0.76)	-	-	(0.86)	-	-	(1.62)
Accumulated depreciation as at 30 September 2019	-	39.54	198.31	6.42	5.68	7.72	7.98	7.46	273.11
Carrying amount as at 30 September 2019	844.48	377.70	547.57	14.35	3.80	2.22	7.68	16.84	1,814.64

* Leasehold improvements made in the premises which is taken on lease by the franchisee.
Refer note 15 (i), (ii), (iii), (iv) and (vi) and note 18(i) for details of mortgage and hypothecation.

The Group has elected to fair value all of its property, plant and equipment as of transition date and use that value as its deemed cost as of the transition date.

Asset	Basis of valuation	Fair value hierarchy
Land	The fair value of land has been computed using market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as business. The Group has considered the following inputs for valuation of land: (i) Guideline value provided by Karnataka Industrial Area Development Board (KIADB) (ii) References with neighbourhood and real estate agents for similar land.	Level-3
All other items of Property, Plant and Equipment	The valuation has been done on the basis of present day costs including costs upto the date of installation after considering average depreciation.	Level-3

Except for land, the fair value approximates the carrying value of all other items of Property, Plant and equipment.

Particulars	Amount
Land Value as per previous GAAP as on transition date	164.14
Add : - Fair Value adjustment	679.14
Land Value as per Ind AS as on transition date	843.28

Note Notes to Restated Consolidated Financial Information
No.

3(b) Right-of-use assets

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Gross block				
Opening balance	-	-	-	-
Additions	35.69	-	-	-
Disposals	-	-	-	-
Gross block (Closing Balance) - A	35.69	-	-	-
Accumulated amortisation				
Opening accumulated amortisation	-	-	-	-
Amortisation expense for the period / year	3.97	-	-	-
Eliminated on disposal of assets	-	-	-	-
Accumulated amortisation (Closing Balance) - B	3.97	-	-	-
Carrying amount (A-B)	31.72	-	-	-

The above note should be read with Significant Accounting Policies forming part of the Restated consolidated financial information in Note 2 and Note 11 to the Statement of Adjustments to the Consolidated Financial Statements (Note 45)

Note Notes to Restated Consolidated Financial Information
No.

3(c) Intangible assets

Particulars	Computer software
Gross Block	
Opening balance as at 01 April 2016 (Proforma)	10.95
Additions	3.65
Disposals	-
Gross block as at 31 March 2017 (Proforma)	14.60
Accumulated amortisation	
Opening accumulated amortisation	4.22
Amortisation expense for the year	2.45
Eliminated on disposal of assets	-
Accumulated amortisation as at 31 March 2017 (Proforma)	6.67
Carrying amount as at 31 March 2017 (Proforma)	7.93
Gross Block	
Deemed Cost as at 01 April 2017	7.93
Additions	1.28
Disposals	-
Gross block as at 31 March 2018	9.21
Accumulated amortisation	
Amortisation expense for the year	2.89
Eliminated on disposal of assets	-
Accumulated amortisation as at 31 March 2018	2.89
Carrying amount as at 31 March 2018	6.32
Gross Block	
Opening balance as at 01 April 2018	9.21
Additions	0.79
Disposals	-
Gross block as at 31 March 2019	10.00
Accumulated amortisation	
Opening accumulated amortisation as at 01 April 2018	2.89
Amortisation expense for the period	2.40
Eliminated on disposal of assets	-
Accumulated amortisation as at 31 March 2019	5.29
Carrying amount as at 31 March 2019	4.71
Gross Block	
Opening balance as at 01 April 2019	10.00
Additions	0.69
Disposals	-
Gross block as at 30 September 2019	10.69
Accumulated amortisation	
Opening accumulated amortisation as at 01 April 2019	5.29
Amortisation expense for the period	1.48
Eliminated on disposal of assets	-
Accumulated amortisation as at 30 September 2019	6.77
Carrying amount as at 30 September 2019	3.92

The Group has elected to fair value all of its intangible assets as of transition date and use that value as its deemed cost as of the transition date. The fair value approximates the carrying value of all the intangible assets.

Note **Notes to Restated Consolidated Financial Information**
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4 Investments

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
In equity instruments of associate (carried at cost)				
7,500 (7500 as at 31 March 2019, 2018 and 2017) Equity shares of Rs. 10/- each fully paid up in Pigeon Appliances Private Limited (Refer note (i) below)	-	-	-	0.08
Less: Impairment loss allowance (Refer note (i) below)	-	-	-	(0.08)
Total	-	-	-	-
Aggregate amount of un-quoted investments	-	-	-	0.08

Note

- (i) The Company had invested a sum of Rs. 0.08 million for 37.5% paid-up equity share capital of Pigeon Appliances Private Limited (PAPL). The business operations of PAPL is controlled by the majority shareholders of PAPL. During the FY 2014-15, the Company had noted certain irregularities in the business operations of PAPL and use of trademarks registered in the name of the Company, without the consent of the Company. The Company had initiated legal action against PAPL for irregularities noted in the business operations and unauthorized use of trademarks. On prudence basis, investments in equity share capital of PAPL had been provided.

5 Other financial assets (Non-Current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
(Unsecured considered good unless otherwise stated)				
Security deposits				
Considered good	51.35	50.96	38.01	26.12
Considered Doubtful	1.18	1.18	1.18	1.18
Less: Allowance for doubtful security deposits	(1.18)	(1.18)	(1.18)	(1.18)
	51.35	50.96	38.01	26.12
Derivatives designated as hedges				
Cross currency interest rate swap	-	-	-	4.76
Total	51.35	50.96	38.01	30.88

5A Non-current tax asset (net)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Advance income tax	2.04	46.57	47.14	47.63
Tax deducted at source and tax collected at source receivable	0.35	-	-	0.01
less: Provision for income tax	-	-	-	-
Total	2.39	46.57	47.14	47.64

6 Other non-current assets

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
(Unsecured considered good unless otherwise stated)				
Tax paid under protest				
Considered good	7.58	7.58	11.04	9.21
Considered doubtful	3.54	3.54	-	-
Less: Allowance for doubtful balances	(3.54)	(3.54)	-	-
	7.58	7.58	11.04	9.21
Balance with government authorities				
Considered good	3.41	3.91	18.19	3.06
Considered doubtful	11.81	11.81	11.81	19.31
Less: Allowance for doubtful balances	(11.81)	(11.81)	(11.81)	(19.31)
	3.41	3.91	18.19	3.06
Prepaid rent on discounting of security deposits	0.50	0.36	0.50	0.81
Prepaid expense	2.12	1.81	1.19	-
Total	13.61	13.66	30.92	13.08

Note Notes to Restated Consolidated Financial Information

No.

7 Inventories

(Lower of cost and net realizable value)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Raw materials, components and packing materials	420.97	343.10	466.84	301.81
Raw material-in-transit	48.75	12.84	81.12	-
Work-in-progress	70.52	31.98	0.59	0.09
Finished goods (other than those acquired for trading)	297.93	246.83	157.70	156.22
Stock-in-trade (acquired for trading)	340.31	278.70	244.63	228.75
Goods-in-transit (acquired for trading)	106.16	60.69	100.50	39.40
Total	1,284.64	974.14	1,051.38	726.27

Refer note 18(i) for details of hypothecation.

8 Trade receivables

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Trade receivables Considered good - Unsecured	1,428.15	896.56	795.52	592.84
Trade receivables-Credit impaired	86.49	77.26	124.36	94.58
	1,514.64	973.82	919.88	687.42
Less: Allowance for doubtful receivables	(86.49)	(77.26)	(124.36)	(94.58)
Total	1,428.15	896.56	795.52	592.84

The average credit period on sale goods ranges from 60 to 120 days.

Refer note 18(i) and (ii) for details of hypothecation.

9(a) Cash and cash equivalents

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Cash on hand	0.58	0.55	0.82	0.46
Balances with banks:				
In current accounts	60.44	89.69	3.18	4.96
In fixed deposits	-	195.00	-	-
Total	61.02	285.24	4.00	5.42

9(b) Bank balances other than cash and cash equivalents as above

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Balances with banks:				
in earmarked accounts: balance held as margin money (Refer note (i) below)	40.70	29.55	33.81	31.25
Total	40.70	29.55	33.81	31.25

Note

- (i) Balances in earmarked accounts represent margin money deposits for non-fund based limits with banks, which are available for use to settle a liability for not more than 12 months from the Balance sheet date.

10 Loans

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
(Unsecured considered good)				
Loans and advances to related parties (Refer note 44)	-	-	-	69.62
Advance to employees	3.26	4.52	0.27	0.68
Total	3.26	4.52	0.27	70.30

Refer note 18(i) and (ii) for details of hypothecation.

Note No. Notes to Restated Consolidated Financial Information

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11 Other financial assets (Current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
(Unsecured considered good unless otherwise stated)				
Derivatives designated as hedges:				
Cross currency interest rate swap	-	-	1.21	-
Insurance claim receivable	4.00	10.99	-	-
Government Incentive receivable	7.90	7.92	9.10	10.58
Interest accrued on deposit with banks	1.00	0.21	0.48	0.61
Total	12.90	19.12	10.79	11.19

Refer note 18(i) and (ii) for details of hypothecation.

12 Other current assets

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Prepaid expense (Refer note (i) below)	56.82	53.14	9.09	6.01
(Unsecured considered good unless otherwise stated)				
Capital advances				
Considered good	30.54	4.32	10.34	9.48
Considered doubtful	0.96	2.38	2.60	3.02
Less: Allowance for doubtful advance	(0.96)	(2.38)	(2.60)	(3.02)
	30.54	4.32	10.34	9.48
Advances to suppliers / service providers				
Considered good	43.94	44.13	37.21	71.79
Considered Doubtful	8.74	9.46	55.18	45.25
Less: Allowance for doubtful advances	(8.74)	(9.46)	(55.18)	(45.25)
	43.94	44.13	37.21	71.79
Balance with government authorities	37.01	26.18	34.09	6.48
Total	168.31	127.77	90.73	93.76

Refer note 18(i) and (ii) for details of hypothecation.

Note (i) : The company has so far incurred share issues expenses of Rs. 45.79 Million as at September 30, 2019 in connection with proposed public offer of equity shares. These expenses shall be adjusted against securities premium to the extent permissible under section 52 of the Companies Act, 2013 on the successful completion of Initial Public Offer (IPO). The entire amount has been carried forward and disclosed under the head 'Other current assets' as Prepaid expenses.

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Note No. Notes to Restated Consolidated Financial Information

13(a) Equity share capital

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Authorised				
39,999,995 (39,999,995 as at 31 March 2019) (19,999,995 as at 31 March 2018 and 2017) Equity shares of Rs. 10/- each	400.00	400.00	200.00	200.00
10 (10 as at 31 March 2019, 2018 and 2017) Class A Equity shares of Rs. 10/- each	-	-	-	-
Total	400.00	400.00	200.00	200.00
Issued, subscribed and fully paid up capital				
24,716,727 (24,716,727 as at 31 March 2019) (18,900,100 as at 31 March 2018 and 2017) Equity shares of Rs. 10/- each	247.17	247.17	189.00	189.00
10 (10 as at 31 March 2019, 2018 and 2017) Class A Equity shares of Rs. 10/- each	-	-	-	-
Total	247.17	247.17	189.00	189.00

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Equity shares of Rs. 10/- each		Class A Equity shares of Rs. 10/- each	
	Number of shares	Rs.	Number of shares	Rs.
Equity shares of Rs. 10/- each				
Closing balance as at 31 March 2016 (Proforma)	18,900,100	189.00	10	-
Add/(Less): movement during the year	-	-	-	-
Closing balance as at 31 March 2017 (Proforma)	18,900,100	189.00	10	-
Add/(Less): movement during the year	-	-	-	-
Closing balance as at 31 March 2018	18,900,100	189.00	10	-
Outstanding balance as at 01 April 2018	18,900,100	189.00	10	-
Add/(Less): Issued during the year	5,816,627	58.17	-	-
Closing balance as at 31 March 2019	24,716,727	247.17	10	-
Outstanding balance as at 01 April 2019	24,716,727	247.17	10	-
Add/(Less): movement during the period	-	-	-	-
Closing balance as at 30 September 2019	24,716,727	247.17	10	-

(ii) Terms/rights attached to:

Equity share holders:

The holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

Class A Equity share holders:

Class A equity shares are held by SCI Growth Investments II ('Sequoia'). The voting rights of Sequoia in relation to the Class A equity shares at every resolution placed before the shareholders of the Company at any General Meetings of the Company shall be equal to 43.36%. In the event the Board declares dividend, then the dividend payable on the outstanding Compulsorily Convertible Debentures (CCD's) (which have not been converted) shall be equal to the dividend declared and calculated based on the number of Equity Shares to be issued to Sequoia on conversion of the CCD's.

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(iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Equity share of Rs. 10/- each				
Rajendra Gandhi				
No. of shares	18,184,619	18,184,619	18,184,622	18,184,622
% of holding	73.57%	73.57%	96.21%	96.21%
SCI Growth Investments II				
No. of shares	4,961,605	4,961,605	-	-
% of holding	20.07%	20.07%	-	-
Sequoia Capital India Growth Investment Holdings I				
No. of shares	1,311,200	1,311,200	-	-
% of holding	5.30%	5.30%	-	-
Class A Equity share of Rs. 10/- each				
SCI Growth Investments Holdings I				
No. of shares	5	5	5	5
% of holding	50.00%	50.00%	50.00%	50.00%
SCI Growth Investments II				
No. of shares	5	5	5	5
% of holding	50.00%	50.00%	50.00%	50.00%

13(b) Other equity

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Cash flow hedging reserve	-	-	(0.05)	(1.29)
Securities Premium	1,094.37	1,094.37	-	-
Share options outstanding account	7.03	-	-	-
Retained earnings	(1,938.86)	(1,981.00)	(1,989.97)	(1,871.72)
Total	(837.46)	(886.63)	(1,990.02)	(1,873.01)

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Note No. Notes to Restated Consolidated Financial Information

	Particulars	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
(A)	Cash flow hedging reserve				
	Opening balance	-	(0.05)	(1.29)	(2.49)
	Add : Profit / (Loss) on hedging instruments	-	0.05	1.24	1.20
	Closing balance (A)	-	-	(0.05)	(1.29)
(B)	Securities Premium				
	Opening balance	1,094.37	-	-	-
	Add/(Less) : Securities Premium account on conversion of CCDs to Equity	-	1,094.37	-	-
	Closing balance (B)	1,094.37	1,094.37	-	-
(C)	Share options outstanding account				
	Opening balance	-	-	-	-
	Add/(Less) : Amounts recorded on grants during the period / year	14.40	-	-	-
	Add/(Less) : Deferred stock compensation expense	(7.37)	-	-	-
	Closing balance (C)	7.03	-	-	-
(D)	Retained earnings				
	Opening balance, as restated	(1,981.00)	(1,989.97)	(1,871.72)	(1,688.23)
	Add : Restated profit / (loss) for the period / year	43.82	7.33	(120.00)	(184.81)
	Add : Remeasurement gain / (loss) of defined benefit obligation recognised in Other Comprehensive Income	(1.68)	1.64	1.75	1.32
	Closing balance (D)	(1,938.86)	(1,981.00)	(1,989.97)	(1,871.72)
	Grand total (A+B+C+D)	(837.46)	(886.63)	(1,990.02)	(1,873.01)

(i) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(ii) Securities premium

Securities premium is used to record the premium received on issue of shares.

(iii) Share options outstanding account

Share options outstanding account is used to record the expenses towards share based payment to employees recognised on straight line basis over the vesting period till date, less any transfer to other reserves.

(iv) Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned till date, less any transfers to other reserves and other distributions paid to its equity shareholders.

14 Non-controlling interests

	Particulars	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
	Opening balance	2.17	2.14	2.54	2.76
	Add : Restated profit/(loss) for the period / year	0.07	0.03	(0.18)	(0.22)
	Add : Minority interest adjusted during the period / year	-	-	(0.22)	-
	Closing Balance	2.24	2.17	2.14	2.54

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15 Borrowings (Non-current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
Secured (at amortised cost)				Proforma
Term loan from bank [Refer note (i), (ii) and (vi)]	192.93	247.90	105.09	16.21
Term loan from financial institutions [Refer note (iii)]	17.27	-	-	-
Vehicle Loan [Refer note (iv)]	4.08	4.89	7.96	5.06
Unsecured (at fair value through profit and loss)				
6,089,554 (6,089,554 as at 31 March 2019 and 12,661,812 as at 31 March 2018 and 2017) Compulsorily Convertible Debentures (CCD) of Rs. 10/- each [Refer note (v) below]	1,847.47	1,847.47	3,000.00	2,846.20
Total	2,061.75	2,100.26	3,113.05	2,867.47

Note

- (i) The Group had taken the Term Loan (TL) from South Indian Bank (SIB) of Rs. 125 million during the FY 2017-18. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2% spread which is subject to yearly reset which is repayable in 60 equal instalments. Repayment of term loan obtained from SIB started from July 2018.

During the half year ended September 30, 2019, the Group has taken a term loan from IDFC of Rs.99.99 million to take over the outstanding TL of Rs.99.99 million from South Indian Bank with the same repayment schedule. The Outstanding TL of Rs.99.99 million of South Indian Bank is paid on 1st July 2019.

Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.

- (ii) The Group had taken the working capital term loan from IDFC First Bank (IDFC) of Rs. 250 million during the FY 2018-19. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2.25% spread which is subject to yearly reset which is repayable in 36 equal instalments. Repayment of term loan obtained from IDFC started from April 2019.

During the half year ended September 30, 2019, the Group has taken the term loan from IDFC of Rs.99.99 million to take over the outstanding TL of Rs.99.99 million from South Indian Bank with the same repayment schedule and also additional Cash Credit facility of Rs.100 million. The Outstanding TL of Rs.99.99 million of South Indian Bank is paid on 1st July 2019.

Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.

- (iii) The Group has availed the Equipment Finance facility from Tata Capital Financial Services Limited ("TCFSL") for Rs. 80 million during the period with tenor of 48 months and the floating interest rate @ 11.75% p.a.

Security: Exclusive charge on equipments purchased out of TCFSL facility and irrevocable and unconditional personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.

- (iv) The Group had borrowed Rs.10 million vehicle loan from BMW Financial Services. Rate of interest is 9.11% per annum which is repayable in 36 equal monthly instalments.

The Group had borrowed Rs.8 million towards vehicle loan from BMW Financial Services. Rate of interest is 8.51% per annum which is repayable in 60 equal monthly instalments.

Security: Exclusive hypothecation on the vehicle purchased from above loans.

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No.

- (v) 6,089,554 (6,089,554 as at 31 March 2019 and 12,661,812 as at 31 March 2018 and 2017) Compulsorily Convertible Debentures (CCD) of Rs. 10/- each: The following are the terms of the issue:

Interest: The holders of the CCD shall be entitled to receive interest at a coupon rate of 0.0000001% per annum.

Dividends rights: Until conversion of all CCD into Equity Shares, in the event the Board declares dividend, then such additional interest shall be payable on the outstanding CCD (which have not been converted) which shall be equal to the dividend declared and calculated based on the number of Equity Shares to be issued to the holders of CCD on conversion of the outstanding CCD.

Conversion: In accordance with the terms and conditions agreed with holders of CCD, each CCD is either (a) compulsorily convertible into equity shares of the company, at any time after the closing date into such number of fully paid shares as is determined by the conversion ratio and at a price defined in the Investment Agreement or (b) compulsorily convertible into equity shares of the company upon the earlier of the proposed filing of the draft red herring prospectus in connection with the Qualified IPO by the company or the date as mentioned in the Investment Agreement.

Buy back: The holder of the instrument has right to sell back the CCDs to company after four years from the closing dates.

Exit to CCD holders: At any time after the expiry of the fourth anniversary from the closing date, the Company, the Promoters and the Investors shall cause a transaction that would give liquidity to CCD holders investment in the Company ('Exit Option'). At any time after the expiry of the fourth anniversary from the closing date the Company, the Promoters and the CCD holders shall jointly determine to provide one or more of the below mentioned Exit Options:

- (a) The Company shall conduct the Qualified IPO; or
- (b) The Company shall buy back, some or all outstanding CCD's; or
- (c) The holders of CCD's shall be entitled to transfer the CCD's to a third party.

During the year ended 31 March 2019 5,489,147 Series A CCDs were converted into 4,733,516 equity shares (Exchange Ratio - 1 CCD being converted into 0.86 equity shares) and 1,083,111 Series B CCDs were converted into 1,083,111 equity shares (Exchange Ratio - 1 CCD being converted into 1 equity shares)

- (vi) The Group has borrowed USD 4 long-term loan from a bank, for the purpose of expansion and modernization. Rate of interest is 3 months London interbank offered rate (LIBOR) + 3.5% and repayable in 16 equal quarterly instalments.

Security: First exclusive equitable mortgage of the immovable property (both present and future) of the Group and hypothecation of the movable property (both present and future) of the Group and personal guarantee of Mr. Rajendra Gandhi (Managing Director) and Mrs. Sunita Rajendra Gandhi.

The Group has entered into 'Cross-Currency Rate Swap' arrangement (Swap arrangement) for payment of interest and repayment of above mentioned long-term loan. As per the Swap arrangement, the Group is paying interest at fixed rate and receiving interest at floating rate. The terms of Swap arrangement is from June 27, 2013 to 27 June 2018. The loan is fully repaid during the FY 2018-19

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

Particulars	As at	Financing Cash Flow	Non-cash changes			As at
	31-Mar-19		Acquisition/ (Conversion)	Foreign exchange movement	Fair value change/ others	30-Sep-19
(a) Non current Borrowings						
Borrowings from bank	356.24	(55.41)	-	-	-	300.83
Borrowings from other financial institution	7.96	20.89	-	-	-	28.85
Compulsorily convertible debentures(CCD)	1,847.47	-	-	-	-	1,847.47
(b) Current Borrowings	999.44	114.33	-	0.29	-	1,114.06
Total Borrowings	3,211.11	79.81	-	0.29	-	3,291.21

Particulars	As at	Financing Cash Flow	Non-cash changes			As at
	31-Mar-18		Acquisition/ (Conversion)	Foreign exchange movement	Fair value change/ others	31-Mar-19
(a) Non current Borrowings						
Borrowings from bank	141.25	214.99	-	-	-	356.24
Borrowings from other financial institution	11.71	(3.75)	-	-	-	7.96
Compulsorily convertible debentures(CCD)	3,000.00	-	(1,152.53)	-	-	1,847.47
(b) Current Borrowings	809.58	191.87	-	(2.01)	-	999.44
Total Borrowings	3,962.54	403.11	(1,152.53)	(2.01)	-	3,211.11

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Particulars	As at	Financing Cash Flow	Non-cash changes			As at
	31-Mar-17		Acquisition/ (Conversion)	Foreign exchange movement	Fair value change/ others	31-Mar-18
(a) Non current Borrowings						
Borrowings from bank	81.04	65.00	-	(4.79)	-	141.25
Borrowings from other financial institution	8.27	3.44	-	-	-	11.71
Compulsorily convertible debentures(CCD)	2,846.20	-	-	-	153.80	3,000.00
(b) Current Borrowings	781.19	26.76	-	1.63	-	809.58
Total Borrowings	3,716.70	95.20	-	(3.16)	153.80	3,962.54

Particulars	As at	Financing Cash Flow	Non-cash changes			As at
	31-Mar-16		Acquisition/ (Conversion)	Foreign exchange movement	Fair value change/ others	31-Mar-17
(a) Non current Borrowings						
Borrowings from bank	149.23	(60.00)	-	(8.19)	-	81.04
Borrowings from other financial institution	-	8.27	-	-	-	8.27
Compulsorily convertible debentures(CCD)	2,641.01	-	-	-	205.19	2,846.20
(b) Current Borrowings	858.18	(69.48)	-	(7.51)	-	781.19
Total Borrowings	3,648.42	(121.21)	-	(15.70)	205.19	3,716.70

16 Other financial liabilities (Non-current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Security deposits received	90.87	96.01	148.27	169.04
Total	90.87	96.01	148.27	169.04

17 Provision (Non-current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Provision for employee benefits:				
Compensated absence	4.02	2.53	-	-
Gratuity (Refer note 35)	40.64	35.30	30.50	27.01
Provision for warranties (Refer note (i) below)	8.22	8.29	3.64	3.69
Total	52.88	46.12	34.14	30.70

Note

- (i) The Group has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations against the sales made by the Group in the current period and previous year, the details of which are given below:

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Warranty Provision				
Opening balance	16.19	10.84	7.62	6.57
Additions during the period / year	6.80	15.38	9.06	5.56
Unwinding of interest on discounting of provision	0.53	0.71	0.45	0.46
Reversed / utilisation during the period / year	(7.28)	(10.74)	(6.29)	(4.97)
Closing balance	16.24	16.19	10.84	7.62

The warranty expenditure is expected to be incurred over the warranty life of the products, as contracted, which varies from 6 months to 5 years.

18 Borrowings (Current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Secured loans repayable on demand from banks (at amortised cost)				
From banks (Refer note (i) below)	912.12	885.72	809.58	781.19
From financial institutions (Refer note (ii) below)	201.94	113.72	-	-
Total	1,114.06	999.44	809.58	781.19

Note

- (i) Secured loans repayable on demand from banks are in the nature of working capital loans which are secured by way of hypothecation of inventory, receivables and other current assets, charge over property, plant and equipments of the company along with equitable mortgage of immovable properties. Loans repayable on demand from banks is also secured by personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.
- (ii) Security: Exclusive charge on the trade receivables which is discounted by the financial institution and also secured by personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.

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19 Trade payables

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Other than Acceptances				
Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	70.97	59.87	40.28	8.09
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,776.31	1,281.14	1,411.32	1,074.31
Total	1,847.28	1,341.01	1,451.60	1,082.40

- (a) Trade Payables are non-interest bearing and are normally settled between 60 to 150 days
(b) The Group's exposure to currency and liquidity risk related to trade payable is disclosed in Note 33.

20 Other financial liabilities (Current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Current maturities of non current borrowings				
Term loan from banks (Refer note 15(i), (ii) and (vi))	107.90	108.34	35.01	64.84
Term loan from financial institutions (Refer note 15(iii))	5.92	-	-	-
Vehicle Loan (Refer note 15(iv))	1.58	3.07	4.90	3.20
Security deposits received	65.28	70.26	39.13	-
Interest accrued but not due on borrowings	5.59	6.14	1.99	1.04
Derivative liabilities	1.61	2.77	-	1.34
Other payables:				
Payable on purchase of property, plant and equipment	36.93	40.35	12.00	13.64
Interest Payable on security deposits	8.02	6.73	17.18	13.41
Total	232.83	237.66	110.21	97.47

21 Provisions (Current)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Provision for employee benefits:				
Compensated absence	1.42	3.24	4.80	4.67
Gratuity (Refer note 35)	6.00	3.88	4.07	1.44
Provision - others:				
For warranty (Refer note 17(i))	8.02	7.90	7.20	3.93
Provision for indirect taxes	-	-	-	67.84
Total	15.44	15.02	16.07	77.88

22 Other current liabilities

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Deferred revenue	10.94	16.12	28.46	14.80
Statutory remittances	33.32	18.78	14.72	40.19
Advance received from customers	22.61	19.02	9.06	23.10
Total	66.87	53.92	52.24	78.09

22A Current tax liabilities (net)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Provision for income tax	8.75	5.11	0.14	6.10
Total	8.75	5.11	0.14	6.10

Note **Notes to Restated Consolidated Financial Information**
No.

23 Revenue from operations

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Sale of products [including excise duty - Refer Note (i)]	3,139.20	6,349.96	5,252.46	5,119.90
Other operating revenue:				
Sale of scrap	7.94	24.29	26.83	20.64
Duty drawback	7.93	35.13	6.98	9.79
Mould development charges	-	-	3.25	-
Total	3,155.07	6,409.38	5,289.52	5,150.33

Note

(i) Sale of products includes

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Manufactured	2,203.23	4,341.22	3,597.73	4,042.46
Traded	935.97	2,008.74	1,654.73	1,077.44
Total	3,139.20	6,349.96	5,252.46	5,119.90

Refer Note 37 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or lesser.

24 Other income

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Interest income (Refer note (i) below)	12.38	1.97	3.67	4.56
Miscellaneous income	1.87	2.14	6.07	4.09
Fair Value changes on derivative instruments	1.16	-	-	-
Gain on financial instruments designated at FVTPL	-	-	1.33	-
Net gain on foreign currency transactions and translation	-	-	0.89	1.40
Profit on sale of property, plant and equipment	0.26	0.13	-	1.46
Liability no longer required written back	0.76	12.36	41.85	9.55
Income Tax refund amount	2.83	-	-	-
Bad debts recovered	-	-	-	8.15
Government grants	-	-	2.52	-
Total	19.26	16.60	56.33	29.21

Note (i) - Interest income comprises:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Interest from banks on deposits	1.22	1.66	1.80	2.65
Interest on income tax refund	11.06	-	-	0.03
Interest income on financial assets designated at amortised cost	0.10	0.17	0.23	0.32
Interest on trade receivables	-	0.14	1.64	1.56
Total	12.38	1.97	3.67	4.56

Note No. 25 Cost of materials consumed

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Opening stock	355.94	547.96	301.81	391.87
Add: Purchases	1,640.08	2,983.38	2,657.34	2,579.63
	1,996.02	3,531.34	2,959.15	2,971.50
Less: Closing stock	(469.72)	(355.94)	(547.96)	(301.81)
Total	1,526.30	3,175.40	2,411.19	2,669.69

26 Purchase of stock in trade

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Purchase of traded goods	722.39	1,326.00	1,203.26	833.73
Total	722.39	1,326.00	1,203.26	833.73

27 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Inventories at the end of the period / year:				
Finished goods	297.93	246.83	157.70	156.22
Work-in-progress	70.52	31.98	0.59	0.09
Stock-in-trade	446.47	339.39	345.13	268.15
	814.92	618.20	503.42	424.46
Inventories at the beginning of the period / year:				
Finished goods	246.83	157.70	156.22	158.17
Work-in-progress	31.98	0.59	0.09	0.21
Stock-in-trade	339.39	345.13	268.15	148.65
	618.20	503.42	424.46	307.03
(Increase) / decrease	(196.72)	(114.78)	(78.96)	(117.43)

28 Employee benefits expenses

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Salaries and wages	343.87	613.53	523.48	457.50
Contributions to provident fund (Refer note 35)	20.11	27.67	27.41	24.03
Gratuity expense (Refer note 35)	7.10	11.22	10.80	9.14
Share-based payments to employees	7.03	-	-	-
Staff welfare expenses	15.21	45.53	29.18	25.58
Total	393.32	697.95	590.87	516.25

29 Finance cost

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Interest expense on:				
Borrowings	72.61	128.02	126.68	114.90
Lease liability	0.10	-	-	-
Others	11.65	25.96	26.21	19.77
Provisions	0.53	0.71	0.45	0.46
Other borrowing cost:				
Interest on statutory dues	-	0.37	-	-
Bank charges and other processing charges	16.54	24.14	16.01	14.92
Total	101.43	179.20	169.35	150.05

Note No. Notes to Restated Consolidated Financial Information

30 Depreciation and amortization expenses

Particulars	For the half year ended	For the year ended		
		30-Sep-19	31-Mar-19	31-Mar-18
				31-Mar-17 Proforma
Depreciation expenses (Refer note 3(a))	52.40	120.98	109.36	108.23
Amortization of right-of-use assets (Refer note 3(b))	3.97	-	-	-
Amortization of intangible assets (Refer note 3(c))	1.48	2.40	2.89	2.45
Total	57.85	123.38	112.25	110.68

31 Other expenses

Particulars	For the half year ended	For the year ended		
		30-Sep-19	31-Mar-19	31-Mar-18
				31-Mar-17 Proforma
Job work charges	51.12	71.06	58.07	68.00
Power and fuel	31.58	56.92	54.23	53.85
Rent including lease rentals (Refer note 36)	1.28	3.46	14.35	11.38
Repairs and maintenance				
Buildings	6.89	14.20	13.72	10.96
Plant and machinery	15.29	31.65	20.54	23.12
Others	1.84	2.90	2.91	1.58
Insurance	4.00	3.91	1.80	2.18
Rates and taxes	5.91	9.37	11.43	14.81
Communication	2.82	7.03	8.61	9.05
Travelling and conveyance	45.04	78.74	69.96	51.45
Printing and stationery	0.61	1.85	1.63	1.90
Freight and forwarding	111.72	240.16	195.66	163.99
Sales commission	44.30	134.44	114.85	148.69
Business promotion and advertisement expenses	119.64	227.01	161.73	151.77
Legal and professional fees	16.94	45.20	34.83	33.33
Payment to auditors comprises (excluding service tax/GST)*				
For statutory audit	1.87	2.37	2.47	2.38
Other	-	0.06	-	-
Out-of-pocket expense	0.29	0.65	0.42	0.25
Net loss on foreign currency transactions and translation	5.41	30.98	-	-
Provision for doubtful trade and other receivables, loans and advances (net) and balance written off	27.44	22.07	59.65	4.89
Increase/(decrease) in excise duty on inventory	-	-	-	0.82
Provision for warranty (Refer note 17(i))	6.80	15.38	9.06	5.56
Loss on sale of property, plant and equipment	-	-	1.02	-
Royalty	4.79	5.41	3.94	-
Loss on financial instruments designated at FVTPL	-	-	-	2.73
Fair value changes on derivative instruments	-	4.03	-	-
Loss on financial liability designated at FVTPL	-	-	153.80	205.20
Miscellaneous expenses	16.65	17.74	15.43	15.44
Total	522.23	1,026.59	1,010.11	983.33

*Excludes Rs. 12.5 Million pertaining to fee for Initial Public Offer which is disclosed under prepaid expenses (Share issue expenses) under the head other current assets referred to in Note 12.

32 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	For the half year ended	For the year ended		
		30-Sep-19	31-Mar-19	31-Mar-18
				31-Mar-17 Proforma
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting period;	64.91	53.46	35.90	7.21
(ii) interest due thereon remaining unpaid to any supplier as at the end of the accounting period	1.65	0.94	0.24	0.13
(iii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period;	-	-	-	-
(iv) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act;	4.41	5.48	3.26	0.75
(v) the amount of interest accrued and remaining unpaid at the end of each accounting period; and	6.06	6.42	4.38	0.88
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	1.20	1.14	2.75	0.19

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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33 Financial instruments

33.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt and total equity of the Group consists of net debt (borrowings as detailed in notes 15 and 18 and current maturities of long-term borrowings as detailed in note 20, offset by cash and bank balances) and total equity.

The Group reviews the capital structure on a semi-annual basis to ensure that it is in compliance with the required covenants.

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
Debt (i)	3,291.21	3,211.11	3,962.54	3,716.70
Less: Cash and bank balances	(101.72)	(314.79)	(37.81)	(36.67)
Net Debt (A)	3,189.49	2,896.32	3,924.73	3,680.03
Total Equity (B)	(590.29)	(639.46)	(1,801.02)	(1,684.01)
Net debt to equity ratio (A/B) (Refer note (ii) below)	-	-	-	-

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings (borrowings as detailed in notes 15 and 18 and current maturities of non-current borrowings as detailed in note 20).

(ii) The net debt to equity ratio is not computed as the Company has negative equity as at the end of respective reporting period.

Categories of financial instruments

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
Financial assets				Proforma
Measured at amortised cost				
Trade receivables	1,428.15	896.56	795.52	592.84
Cash and bank balances	101.72	314.79	37.81	36.67
Loans	3.26	4.52	0.27	70.30
Other financial assets	64.25	70.08	47.59	37.31
Measured at fair value through other comprehensive income (FVTOCI)				
Derivative instruments designated in a cash flow hedge	-	-	1.21	4.76
Financial liabilities				
Measured at fair value through profit or loss (FVTPL)				
Borrowings	1,847.47	1,847.47	3,000.00	2,846.20
Derivatives financial liability	1.61	2.77	-	1.34
Measured at amortised cost				
Borrowings (including current maturities of non-current borrowings)	1,443.74	1,363.64	962.54	870.50
Trade Payables	1,847.28	1,341.01	1,451.60	1,082.40
Other financial liabilities	206.69	219.49	218.57	197.13

33.2 Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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Note Notes to Restated Consolidated Financial Information**No.****Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis****Fair valuation techniques and inputs used**

Particulars	Fair value hierarchy	Basis of valuation	As at			
			30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Financial assets						
Cross currency interest rate swaps	Level - 2	Note 2	-	-	1.21	4.76
Financial liabilities						
Borrowings	Level - 3	Note 3	1,847.47	1,847.47	3,000.00	2,846.20
Derivative Instruments	Level - 2	Note 1	1.61	2.77	-	1.34

Note

- The fair value of derivative contracts are determined using forward exchange rates at the balance sheet date.
 - Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
 - The fair value is determined at a present value which discounts the potential future cash flows.
- The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements at amortised cost approximate their fair values.

Sensitivity of unobservable inputs used in Level 3 Fair value measurements**Change in discount rate:**

Particulars	Valuation as at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Increase in discount rate by 1%	2,000.00	2,000.00	2,000.00	1,834.90
Decrease in discount rate by 1%	2,000.00	2,000.00	2,000.00	1,857.60

Note (i) - The value of series A and series B CCDs is not impacted as both are carried at their maximum value.

Reconciliation of Level 3 fair value measurements

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Opening balance	1,847.47	3,000.00	2,846.20	2,641.00
Conversion of Compulsory Convertible Debentures (CCD) to equity shares during the period / year	-	(1,152.53)	-	-
(Gains) or losses:				
- Recognised in Statement of Profit and Loss*	-	-	153.80	205.20
Closing balance	1,847.47	1,847.47	3,000.00	2,846.20

*The above said gain / loss on fair valuation of CCD is recognised in Consolidated Statement of Profit and Loss.

Financial risk management objectives

The Group's risk management is carried out by Treasury department under policies laid down by the management. The Group's activities expose it to market risk (which includes currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. Treasury department monitors the risk exposures on a periodical basis and reports to the Board of directors on the risks that it monitors and policies implemented to mitigate risk exposures.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

33.3 Foreign currency risk management

The Group is exposed to foreign exchange risk due to

- debt availed in foreign currency ;
- exposure arising from transactions relating to purchase of goods including capital goods, revenues, expenses, etc., to be settled in foreign currencies.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts

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33.3.1 Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover the risk associated with trade receivables and trade payables. The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Contracts not designated as cash flow hedge

Particulars	Curr ency	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
					Proforma
Trade receivables hedged with forward contracts with maturity less than 120 days	USD	-	-	-	-
	INR	-	-	-	-

Particulars	Curr ency	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
					Proforma
Trade payables hedged with forward contracts with maturity less than 120 days	USD	1.94	3.03	-	1.21
	INR	139.72	209.77	-	78.43

The carrying amount of the Group's foreign currency denominated monetary liabilities (Payables) and assets (Receivables) as at the end of the reporting period are as follows :

Particulars	Curr ency	As at			
		30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
					Proforma
Payable (including short-term borrowings)	USD	430.93	207.44	333.85	209.65
	EURO	2.42	-	-	0.05
	RMB	63.67	3.93	-	-
Trade receivables	USD	39.25	42.79	38.84	42.67
	EURO	-	-	-	1.22

33.3.2 Foreign currency sensitivity analysis

The Group is mainly exposed to the currency USD

Financial instruments affected by changes in foreign exchange rates include trade receivables, trade payables, advance to suppliers and current borrowings. The following table details the Group's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The impact on account of 5% appreciation/depreciation in exchange rate of USD against INR is given below.

Particulars	Increase/(decrease) in equity as at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Appreciation of USD	(19.58)	(8.43)	(14.75)	(8.35)
Depreciation of USD	19.58	8.43	14.75	8.35

The impact on equity has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

33.4 Interest rate risk

The Group has taken a loan in foreign currency at variable interest rate, interest being index linked, that is their cost is linked to changes in the London inter-bank offer rate (LIBOR). The Group has entered into a cross currency interest swap to hedge the variable interest risk and foreign currency risk and converted it into a fixed INR interest loan and thereby the Group interest rate is fixed and not subject to any further risks.

The Group has also taken an INR loan at variable interest rate, interest being index linked, that is their cost is linked to changes in the Marginal Cost of fund based lending rate (MCLR).

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Note Notes to Restated Consolidated Financial Information**No.**

The Group is not subject to any other material interest rate risks

At the reporting date the interest rate profile of the group's interest-bearing financial instruments is as follows:

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Fixed-rate instruments				
Financial assets				
Balance held as margin money	40.70	29.55	33.81	31.25
Fixed deposit held as cash and cash equivalents	-	195.00	-	-
Financial liabilities				
Borrowings from bank and other financial institutions	5.66	7.96	27.96	89.31
Security deposit received	156.15	166.27	187.40	169.04
	202.51	398.78	249.17	289.60
Variable-rate instruments				
Financial liabilities				
Borrowings from bank and other financial institutions	1,438.08	1,355.68	934.58	781.19
	1,438.08	1,355.68	934.58	781.19

Interest rate sensitivity analysis

A change of 100 basis points ("bps") in interest rate at the reporting date would have increased/ (decreased) equity and profit and loss by the amount shown below. This analysis assumes that all other variables remain constant.

Particulars	Increase/(decrease) in profit/equity as at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Increase of 100 bps on variable rate instruments	(5.96)	(7.89)	(9.50)	(7.31)
Decrease of 100 bps on variable rate instruments	5.96	7.89	9.50	7.31

Cash Flow Hedge

The following table detail the nominal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

Outstanding receive floating pay fixed contracts	Contracted fixed interest rate	Nominal amounts (In Rs.)	Fair value assets / (liabilities) (In Rs.)
As at 30 Sept 19			
Less than 1 year	-	-	-
1 to 2 years	-	-	-
2 to 5 years	-	-	-
Total	-	-	-
As at 31 Mar 19			
Less than 1 year	-	-	-
1 to 2 years	-	-	-
2 to 5 years	-	-	-
Total	-	-	-
As at 31 Mar 18			
Less than 1 year	12.25%	15.00	1.21
1 to 2 years	-	-	-
2 to 5 years	-	-	-
Total	12.25%	15.00	1.21
As at 31 Mar 17 (Proforma)			
Less than 1 year	-	-	-
1 to 2 years	12.25%	75.00	4.76
2 to 5 years	-	-	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate in the currency of the loan. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The line-item in the balance sheet that includes the above instrument is "Other financial assets".

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Note Notes to Restated Consolidated Financial Information**No.****33.5 Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The Group does not hold any collaterals to cover its risk associated with trade receivables.

Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Reconciliation of expected credit loss - Trade receivables

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Opening Provision	77.26	124.36	94.58	85.24
Change in Provision	9.23	(47.10)	29.78	9.34
Closing Provision	86.49	77.26	124.36	94.58

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Outstanding for more than 6 months	84.11	117.05	141.18	106.56
Others	1,344.04	779.51	654.34	486.28
Total	1,428.15	896.56	795.52	592.84

Liquidity risk

Liquidity risk is the risk that the Group could be unable to meet its short term financial demands. Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity analysis for non derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group would be required to pay.

Particulars	As at 30-Sept-2019				
	< 1 year	1-3 years	> 3 years	Total	Carrying value
Borrowings	3,076.93	189.51	24.77	3,291.21	3,291.21
Trade payables	1,847.28	-	-	1,847.28	1,847.28
Other Financial Liabilities	115.82	90.87	-	206.69	206.69

The interest rate for borrowings with variable interest rate is in the range of 11 % to 15.15%. The interest rate for borrowings and security deposits (included as part of other financial liabilities) with fixed interest rate is 12.25% and 12% respectively.

Particulars	As at 31-Mar-2019				
	< 1 year	1-3 years	> 3 years	Total	Carrying value
Borrowings	2,958.32	220.12	32.67	3,211.11	3,211.11
Trade payables	1,341.01	-	-	1,341.01	1,341.01
Other Financial Liabilities	123.48	96.01	-	219.49	219.49

The interest rate for borrowings with variable interest rate is in the range of 11 % to 15.15%. The interest rate for borrowings and security deposits (included as part of other financial liabilities) with fixed interest rate is 12.25% and 12% respectively.

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Note Notes to Restated Consolidated Financial Information**No.**

Particulars	As at 31-Mar-2018				
	< 1 year	1-3 years	> 3 years	Total	Carrying value
Borrowings	3,851.70	55.61	57.68	3,964.99	3,962.54
Trade payables	1,451.60	-	-	1,451.60	1,451.60
Other Financial Liabilities	215.57	1.45	1.55	218.57	218.57

The interest rate for borrowings with variable interest rate is in the range of 11 % to 15.15%. The interest rate for borrowings and security deposits (included as part of other financial liabilities) with fixed interest rate is 12.25% and 12% respectively.

Particulars	As at 31-Mar-2017 (Proforma)				
	< 1 year	1-3 years	> 3 years	Total	Carrying value
Borrowings	3,697.64	20.87	-	3,718.51	3,716.70
Trade payables	1,082.40	-	-	1,082.40	1,082.40
Other Financial Liabilities	192.90	2.68	1.55	197.13	197.13

The interest rate for borrowings with variable interest rate is in the range of 12 % to 15.75 %. The interest rate for borrowings and security deposits (included as part of other financial liabilities) with fixed interest rate is 12.25% and 12% respectively.

33.6 Financing Facilities

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Secured term loan facilities				
amount used	300.83	356.24	141.20	81.05
amount unused	-	-	-	-
Secured cash credit facility				
amount used	1,114.06	999.44	809.58	781.19
amount unused	35.94	149.92	-	68.81
Secured non-fund based bank facilities				
amount used	98.25	122.58	195.80	256.40
amount unused	51.75	27.42	48.62	43.60

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Note No. Notes to Restated Consolidated Financial Information**34 Earnings per share**

Particulars	For the half year ended	For the year ended		
	30-Sep-19*	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Basic				
Net profit/(loss) after tax attributable to the equity shareholders (A)	43.82	7.33	(120.00)	(184.81)
Weighted average no. of equity shares outstanding (B)	24,716,737	21,927,944	18,900,110	18,900,110
Face value per share (Rs.)	10.00	10.00	10.00	10.00
Basic earning per shares (A/B) (Rs.)	1.77	0.33	(6.35)	(9.78)
Diluted				
Net profit/(loss) after tax attributable to the equity shareholders (C)	43.82	7.33	(120.00)	(184.81)
Weighted average number of equity shares outstanding for Diluted EPS	24,716,737	21,927,944	18,900,110	18,900,110
Add: Effect of Compulsorily Convertible Debentures (CCD's) (Refer note (i) below)	-	-	-	-
Weighted average number of equity shares for Diluted EPS (D)	24,716,737	21,927,944	18,900,110	18,900,110
Face value per share (Rs.)	10.00	10.00	10.00	10.00
Diluted earnings per share (C/D) (Rs.)	1.77	0.33	(6.35)	(9.78)

Note (i) : The conversion of CCDs into equity shares is contingent on various factors and since there exist uncertainty over conversion of CCDs into equity shares, these are not considered in the computation of diluted earnings per share.

*Basic and Diluted Earnings per share for the half year ended 30 September 2019 is not annualised.

Note No. Notes to Restated Consolidated Financial Information

35 Employee benefit

Defined contribution plans

The Group makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the said schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the Scheme. The Group recognises the amount paid / payable to such funds in the Restated Consolidated statement of profit and loss. The contributions made by the Group towards these schemes are as follows:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Employer's contribution to provident fund	20.11	27.67	27.41	24.03
Employee State Insurance Scheme	5.75	10.65	7.79	6.93

Defined benefit plans

The Group offers gratuity, a defined employee benefit scheme to its employees. Following are the risks associated with the plan:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Salary Growth: Salary hikes that are higher than the assumed salary escalation will result in to an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Group there can be strain on the cash flows.

C. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

D. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

No other post-retirement benefits are provided to these employees.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Following tables sets out the un-funded status of defined benefit plan and amount recognised in Consolidated Financial Information

1 Assumptions

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Discount Rate	6.60%	7.31%	7.31%	7.31%
Salary Escalation	6.00%	6.00%	10.00%	7.00%
Attrition rate	25.00%	25.00%	18.00%	5.00%

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2 Change in present value of obligation

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Present value of obligation as at the beginning of period / year	39.18	34.57	28.45	20.98
Interest cost	1.27	2.38	1.97	1.52
Current service cost	5.83	8.84	7.99	7.62
Past service cost	-	-	0.84	-
Benefits paid	(2.76)	(4.97)	(2.93)	(0.35)
Actuarial (gain)/loss of obligations	3.12	(1.64)	(1.75)	(1.32)
Present value of obligation as at the end of the period / year	46.64	39.18	34.57	28.45

3 Fair value of plan assets

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Fair value of plan assets at beginning of period / year	-	-	-	-
Expected return of plan assets	-	-	-	-
Contributions	-	-	-	-
Benefit Paid	-	-	-	-
Actuarial gain / (loss) on plan assets	-	-	-	-
Fair value of plan assets at end of period / year	-	-	-	-

4 Amounts recognized in consolidated balance sheet

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Present value of obligations as at the end of period / year	46.64	39.18	34.57	28.45
Fair value of plan assets as at the end of the period / year	-	-	-	-
Funded status	(46.64)	(39.18)	(34.57)	(28.45)
Net balance sheet asset/ (liability) recognized at the end of period / year	(46.64)	(39.18)	(34.57)	(28.45)
Current Portion	6.00	3.88	4.07	1.44
Non-Current Portion	40.64	35.30	30.50	27.01

5 Expenses recognized in consolidated statement of profit and loss

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Current service cost	5.83	8.84	7.99	7.62
Interest cost	1.27	2.38	1.97	1.52
Past service cost	-	-	0.84	-
Expenses recognized in consolidated statement of profit and loss	7.10	11.22	10.80	9.14

Note No. Notes to Restated Consolidated Financial Information

6 Components of defined benefit costs recognised in Other Comprehensive Income

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Actuarial (gains) / losses arising from changes in demographic assumptions	8.55	2.36	(3.36)	(0.68)
Actuarial (gains) / losses arising from changes in financial assumptions	(6.05)	(10.51)	2.52	1.94
Actuarial (gains) / losses arising from experience adjustments	0.62	6.51	(0.91)	(2.58)
Actuarial (gains) / losses in Other Comprehensive Income	3.12	(1.64)	(1.75)	(1.32)

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Effect on DBO due to 100 bps increase in Discount Rate	44.08	37.73	33.06	25.52
Effect on DBO due to 100 bps decrease in Discount Rate	49.50	42.50	36.24	31.94

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Effect on DBO due to 100 bps increase in salary escalation rate	49.19	42.26	35.96	31.72
Effect on DBO due to 100 bps decrease in salary escalation rate	44.28	37.91	33.28	25.65

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Effect on DBO due to 100 bps increase in attrition rate	46.37	39.82	34.27	28.19
Effect on DBO due to 100 bps decrease in attrition rate	46.92	40.15	34.89	28.73

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. There has been no change in the process used by the Group to manage its risks from prior periods.

7 Expected future cash outflows (undiscounted) towards the plan are as follows:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Year 1	6.26	4.95	4.07	1.36
Year 2	5.03	4.06	3.11	0.93
Year 3	5.95	3.07	2.55	0.92
Year 4	3.41	4.61	2.03	0.89
Year 5	2.87	2.32	2.36	0.79
Year 6 to 10	16.17	13.95	5.08	5.28

Note No. Notes to Restated Consolidated Financial Information

36 Lease

Transition

Effective 01 April 2019, the Group adopted Ind AS 116 "Leases" using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability and the right of use asset at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. In accordance with this, the comparatives have not been retrospectively adjusted. In adopting Ind AS 116, the Group has applied the below practical expedients:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"
- The Group has not applied the requirements of Ind AS 116 for leases of low value assets.
- The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition
- The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

The above statement should be read with Significant Accounting Policies forming part of the Restated consolidated financial information in Note 2 and Note 11 to the Statement of Adjustments to the Consolidated Financial Statements (Note 45).

The following is the break-up of current and non-current lease liabilities :

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Current lease liability	12.70	-	-	-
Non Current lease liability	19.39	-	-	-
Total	32.09	-	-	-

The Group has entered into operating lease arrangements for office premises and showrooms, which are cancellable at the option of the either party after giving prior notice. Lease payment recognized in the statement of profit and loss against such operating lease arrangements:

Lease payments on short-term expensed in Statement of Profit and Loss

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Rent including lease rentals	1.28	3.46	14.35	11.38

The following is the movement in lease liabilities and contractual maturities of lease liabilities

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Opening Balance	-	-	-	-
Additions	35.69	-	-	-
Finance cost accrued during the period / year	0.10	-	-	-
Payment of lease liabilities	(3.51)	-	-	-
Translation difference (net)	(0.19)	-	-	-
Closing balance	32.09	-	-	-
Contractual maturities of lease liabilities				
Less than one year	12.70	-	-	-
One to five years	19.39	-	-	-
More than five years	-	-	-	-
Total	32.09	-	-	-

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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37 Segment reporting

Information reported to Chief Operating Decision Maker (CODM) for the purpose of segment performance focuses on manufacturing and trading of kitchen and home appliances.

Revenue from major products and services:

The following is an analysis of the Group's revenue from its major products

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Manufactured product sales				
Kitchen appliances	2,132.09	4,311.22	3,593.30	4,042.46
Home appliances	71.14	30.00	4.43	-
Total (a)	2,203.23	4,341.22	3,597.73	4,042.46
Traded product sales				
Kitchen appliances	640.14	1,478.37	1,163.42	791.48
Home appliances	295.83	530.37	491.31	285.96
Total (b)	935.97	2,008.74	1,654.73	1,077.44
Total (a+b)	3,139.20	6,349.96	5,252.46	5,119.90

Geographical information:

The Group predominantly operates in India.

a. Revenue earned within India and outside India are as follows:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
India	2,928.49	5,794.26	4,958.00	4,803.00
Others	210.71	555.70	294.46	316.90
Total	3,139.20	6,349.96	5,252.46	5,119.90

b. Non-current assets* within India and outside India are as follows:

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
India	1,882.04	1,840.58	1,864.77	1,899.32
Others	-	-	-	-
Total	1,882.04	1,840.58	1,864.77	1,899.32

* Non-current assets exclude financial assets, deferred tax assets and non-current tax assets.

c. Revenue from major customers

Revenue from customers of the Group which is individually more than 10 percent of the Group's total revenue.

No. of customers	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
One customer	16.67%	11.58%	7.29%	-

Note No. Notes to Restated Consolidated Financial Information

38 Contingent liabilities and commitment

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Contingent liabilities				
Indirect tax matters under appeal	75.90	65.08	59.92	47.98
Other disputed claims	2.68	2.68	2.68	2.68
Provident fund claims	9.39	9.39	9.39	9.39
Commitment				
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (net of advances)	59.22	18.94	27.81	2.24

39 Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company has share option scheme "Stove Kraft Employee Stock Option Plan 2018", for employees of the Company. In accordance with the terms of the plan the Company may grant options to the eligible employees, as approved by the shareholders of the Company and the Nomination and Remuneration Committee (the "Committee"). Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The option carry neither a right to dividends nor voting rights.

Employees Stock Option Plan 2018:

Under this plan 755,328 options are granted and would normally vest over a maximum period of 5 years from the date of the grant (October 01, 2018) in proportions specified in 'Stove Kraft Employee Stock Option Plan 2018' scheme. Options would vest essentially on passage of time and in addition to this, the committee may also specify certain performance criteria subject to satisfaction of which the option would vest. The estimated contractual life of the options vesting period is 5 years.

B. Measurement of fair values

Fair value of share options granted in the year

The weighted average fair value of the share options granted is Rs. 24.47. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

Inputs into the model	Option granted under employee stock option plan 2018
Grant date share price	99.25
Exercise price	150.00
Expected volatility	33.81%
Option life	5 years
Dividend yield	0.00
Risk-free interest rate	7.52%

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

Employees stock option plan:	For the half year ended September 30, 2019	
	Number of options	Weighted average exercise price (in Rs.)
Option outstanding at the beginning of the period	755,328	150.00
Granted during the period	-	-
Exercised during the period	-	-
Forfeited during the period	167,056	150.00
Expired during the period	-	-
Options outstanding at the end of the period	588,272	150.00
Exercisable at the end of the period	-	-

The share option outstanding at the end of the reporting period had a weighted average exercise price of Rs. 150 and weighted average remaining contractual life of 5.46 years.

Note No. Notes to Restated Consolidated Financial Information

- 40** During 2007, the Company (SKL) had entered into an agreement to take over the business of M/s Vardhaman Enterprises (“VE”) a sole proprietorship firm owned by the Mr. Rajendra Gandhi, the Promoter and Managing Director of the Company.
- The Directorate General of Central Excise Intelligence (DGCEI) had issued show cause notice(s) to SKL and M/s VE on January 16, 2009 and February 24, 2009 respectively, for alleged removal of goods without payment of proper excise duty and wrongful availment of Cenvat credit for the period 2004 to 2007. The Commissioner of Central Excise Bangalore, vide order No.’s 20/2010 and 21/2010 dated March 31, 2010 confirmed demands for non-payment of excise duty amounting to Rs 26.88 million and Rs 67.84 million on VE and SKL respectively (including interest and penalty). Further, in the order no. 21/2010 the Commissioner has also disallowed Cenvat credit reversal of Rs 7.50 million and imposed a penalty of an equivalent amount to be recovered from the said Promoter.
- The Company was contesting the order no. 21/2010 on SKL and certain provision (net of amounts recoverable from the Promoter) had been accounted in the financial statements. During the year 2017-18, this matter has been settled in favour of the Company.
- 41** Mr. Rajendra Gandhi, Managing Director of the Company, is also a Non-Executive Director on the Board of Pigeon Appliances Private Limited (referred as PAPL). As a result of certain disputes, which have arisen between PAPL and the Company, PAPL has not filed its annual financial statements for financial years 2014-15, 2015-16 and 2016-17 as required in terms of Section 137 of the Companies Act, 2013. The last date for PAPL to file annual financial statements with the Registrar of Companies (ROC) for the financial year 2016-17 expired on October 30, 2017, as a result of which the provisions pertaining to disqualification of Directors under section 164 (2) and vacation of Office of Director under section 167 (1) of the Companies Act, 2013, was attracted. The Company and Mr. Rajendra Gandhi filed a petition before the National Company Law Tribunal (NCLT), Bangalore, on 22 November 2017 against PAPL, followed by another interim application on 30 May 2018, praying, inter alia, that the NCLT direct the ROC to maintain status quo by not disqualifying Mr. Rajendra Gandhi from directorships of other companies (other than PAPL), until the disposal of the main petition. The NCLT, in its interim order, dated 18 July 2018, has directed the ROC, not to disqualify Mr. Rajendra Gandhi as a Director on the Board of the Company.
- 42** The Group has a net deferred tax asset with respect to certain timing differences. These have not been recognised as the recognition criteria have not been met in accordance with the accounting policies followed by the Group.
- The Group has not recognized the net deferred tax asset on the accumulated losses as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized
- a) Current Tax - During the year, the Group does not have taxable income as per regular computation and as per Minimum Alternate Tax under section 115 JB of the Income Tax Act, 1961.
- b) Deferred Tax - The timing differences mainly relates to carried forward business losses, unabsorbed depreciation and current depreciation resulting in net deferred tax asset at end of each year. This has not been recognised as a matter of prudence.
- 43** The management of Stovekraft India (the firm) decided to discontinue the manufacturing operations in the Firm and with effective from 03 January 2015, the manufacturing operations in the firm had been discontinued. Stove Kraft Limited (SKL), the majority partner in the Firm, has not yet decided on alternative business plans for the firm, if any. SKL has assured continuous financial support to the Firm to meets its obligations. Pending decision on the future business plans for the firm and based on the financial support from SKL, the financial statements of the firm have been prepared in accordance with the Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention and on accrual basis.

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Note Notes to Restated Consolidated Financial Information

No.

44 Restated Consolidated Statement of Transactions with Related Parties and Balances

A. List of related parties:

Sl. No	Name of the related party	Nature of relationship
1	Key managerial personnel (KMP): Mr. Rajendra Gandhi (From 28 June 1999 onwards) Mrs. Sunita Rajendra Gandhi (Upto 30 September 2016) Ms. Neha Gandhi (From 30 September 2016) Mrs. Shubha Rao Mayya (From 30 August 2018) Mr. Lakshmikanth Gupta (From 11 May 2018) Mr. Rajiv Mehta (From 11 May 2018 to 02 September 2019) Mr. Rajiv Mehta (From 03 September 2019) Mr. Bharath Singh (From 21 September 2018) Mr. Shashidhar SK (From 27 July 2018) Ms. Rehana A. Rajan (From 11 May 2018 to 26 July 2018) Mr. Vivek Mishra (From 22 March 2016 to 30 April 2018) Mr. Nagaraju Lade (From 12 June 2015 to 01 June 2016) Mr. Manoj Pannalal Jain (From 01 April 2017 to 22 December 2017) Mr. Radhakrishnan (From 19 January, 2018 to 06 April, 2018) Mr. Shashidhar SK (From 02 July 2018)	Managing Director (MD) Director Relative of MD and Director Independent Director Independent Director Independent Director Chief Executive Officer Cum Director Nominee Director Company Secretary Company Secretary Company Secretary Chief Financial Officer Chief Financial Officer Chief Financial Officer Chief Financial Officer
2	Enterprises owned or significantly influenced by KMP or their relatives: Shinag Allied Enterprises (SAE) Shinag Allied Enterprises Private Limited (SAEPL) Pigeon Appliances Private Limited (PAPL)	MD's brother's wife is a Proprietor MD's brother's wife is a Director Company is shareholder and MD is director
3	Relative of KMP Mrs. Sunita Rajendra Gandhi	Relative of MD

Note: Related parties mentioned above is as identified by the Group relied upon by the auditors.

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Note No. Notes to Restated Consolidated Financial Information

44 Restated Consolidated Statement of Transactions with Related Parties and Balances

B. Transactions with related parties

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Revenue from operations				
SAEPL	-	-	7.22	-
SAE	-	-	-	2.82
Purchases				
SAEPL	-	0.14	6.22	-
Sales returns				
SAEPL	-	0.37	-	-
Job work charges				
SAEPL	-	0.59	-	-
Purchase of property, plant and equipments				
SAEPL	-	5.59	-	-
Rent including lease rentals				
Mrs. Sunita Rajendra Gandhi	0.36	0.72	0.60	0.60
Managerial remuneration:				
Mr. Rajendra Gandhi	5.66	9.51	8.73	8.15
Mrs. Sunita Rajendra Gandhi	-	-	-	0.19
Ms. Neha Gandhi	1.23	2.17	2.01	1.78
Mr. Vivek Mishra	-	0.09	0.94	1.00
Ms. Rehana A. Rajan	-	0.09	-	-
Mr. Nagaraju Lade	-	-	-	0.90
Mr. Manoj Pannalal Jain	-	-	5.22	-
Mr. Radhakrishnan	-	0.11	0.92	-
Mr. Shashidhar SK	5.58	6.11	-	-
Mr. Rajiv Mehta	1.04	-	-	-
Sitting Fee				
Mrs. Shubha Rao Mayya	0.40	0.50	-	-
Mr. Lakshmikant Gupta	0.40	0.45	-	-
Mr. Rajiv Mehta	0.20	0.70	-	-

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Note No. Notes to Restated Consolidated Financial Information

44 Restated Consolidated Statement of Transactions with Related Parties and Balances
C. Balances with related parties

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Advance recoverable Mr. Rajendra Gandhi	-	-	-	69.62
Trade payable PAPL	0.29	0.29	0.29	0.29
SAEPL	-	-	1.68	-
Trade receivables SAEPL	3.38	3.38	4.81	2.13
Payable on purchase of property, plant and equipment SAEPL	2.68	2.68	-	-
Rent Payable Mrs. Sunita Rajendra Gandhi	0.06	0.06	0.05	0.60
Remuneration payable Mr. Rajendra Gandhi	0.83	0.76	0.60	0.39
Ms. Neha Gandhi	0.22	0.18	0.15	0.15
Mr. Vivek Mishra	-	-	0.07	0.06
Mr. Radhakrishnan	-	-	0.36	-
Mr. Shashidhar SK	0.57	2.28	-	-
Mr. Rajiv Mehta	0.52	-	-	-
Sitting fees payables Mr. Lakshmikanth Gupta	-	0.05	-	-
Mr. Rajiv Mehta	-	0.30	-	-

D. The remuneration of directors and other members of Key Management Personnel during the year was as follows:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Short-term benefits	13.14	17.51	17.18	11.48
Post-employment benefits (Refer Note (i) below)	0.37	0.57	0.64	0.54
Share based payment	0.51	-	-	-
Total	14.02	18.08	17.82	12.02

Note (i) Post-employment benefit excludes Gratuity which cannot be separately identified from the composite amount advised by the actuary.

E. On consolidation the following transactions with related parties have been eliminated :-

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Purchase of property, plant and equipments Stovekraft India	-	35.00	-	-
Expenses paid on behalf of related parties Stovekraft India	-	-	4.11	4.42
Rent including lease rentals Stovekraft India	-	-	0.88	-
Investments in / (drawings) from Stovekraft India	(85.21)	2.59	3.81	-
Share of profit/(loss) Stovekraft India	6.80	2.60	(13.97)	(3.57)
Saya Industries	-	-	(0.66)	(3.54)

F. On consolidation the following balances with related parties have been eliminated :-

Particulars	As at			
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Advance recoverable Saya Industries	-	-	-	0.31
Trade payable Stovekraft India	-	-	0.49	-
Rent payable Stovekraft India	0.88	0.88	0.88	-
Investments Stovekraft India	9.33	87.74	81.46	92.33
Saya Industries	-	-	-	(1.82)

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Note **Notes to Restated Consolidated Financial Information**
No.

45 Ind AS adoption reconciliations

45.1 Reconciliation of Equity

Particulars	Sl. No.	As at	
		31-Mar-18	31-Mar-17
			Proforma
Share capital		189.00	189.00
Reserves		230.78	204.97
Equity as per previous GAAP		419.78	393.97
Add/(Less): Ind AS adjustments			
Impact on fair valuation of Compulsorily Convertible Debentures (CCD)	1	(2,873.38)	(2,719.58)
Hedge accounting of derivative instruments	2	(1.26)	(6.05)
Fair valuation of derivatives	3	-	(1.33)
Fair valuation of security deposits	4	(0.16)	(0.18)
Discounting of provisions	5	3.03	1.88
Revenue Impact (net)	6	(1.08)	5.19
Government grants	7	2.52	-
Impact on fair valuation of Property, plant and equipment	8	679.14	679.14
Adjustment on account of purchase of additional stake in partnership firm	10	(15.15)	(15.15)
Equity as per Ind AS		(1,786.56)	(1,662.11)

45.2 Reconciliation of total comprehensive income

Particulars	Sl. No.	For the year ended	
		31-Mar-18	31-Mar-17
			Proforma
Profit/(Loss) as per previous GAAP		29.18	11.26
Add/(Less): Ind AS adjustments			
Impact on fair valuation of Compulsorily Convertible Debentures (CCD)	1	(153.80)	(205.20)
Fair valuation of derivatives	3	1.33	(2.73)
Fair valuation of security deposits	4	0.02	0.04
Discounting of provisions	5	1.15	0.25
Revenue Impact (net)	6	(6.27)	5.23
Government grants	7	2.52	-
Recognition of actuarial loss/(gain) on defined benefit obligation in Other Comprehensive Income	9	(1.75)	(1.32)
Loss as per Ind AS		(127.62)	(192.47)
Other Comprehensive Income:			
Recognition of actuarial (loss)/gain on defined benefit obligation in Other Comprehensive Income	9	1.75	1.32
Hedge accounting of derivative instruments	2	1.24	-
Total comprehensive income as per Ind AS		(124.63)	(191.15)

Reconciliation of statement of cash flow:

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

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Note No. Notes to Restated Consolidated Financial Information

45 Ind AS adoption reconciliations - Continued

Statement of Adjustments to the Consolidated Financial Statements

Particulars	Sl. No.	For the year ended		
		31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Net profit / (loss) for the year as per Consolidated IndAS Financial Statements (Consolidated Financial Statements for March 2018 and Special Purpose Consolidated Financial Statements for March 2017 prepared under previous GAAP)		8.04	29.18	11.26
Add/(Less): Ind AS adjustments				
Impact on fair valuation of Compulsorily Convertible Debentures (CCD)	1	-	(153.80)	(205.20)
Fair valuation of derivatives	3	-	1.33	(2.73)
Fair valuation of security deposits	4	-	0.02	0.04
Discounting of provisions	5	-	1.15	0.25
Revenue Impact (net)	6	-	(6.27)	5.23
Government grants	7	-	2.52	-
Impact on account of adoption of Ind AS 116	11	1.01	7.44	7.44
Hedge accounting of derivative instruments	2	-	1.24	-
Restated Loss as per Restated Consolidated Financial Information		9.05	(117.19)	(183.71)

(a) Restated equity

Particulars	Sl. No.	As at 01 April, 2016*
		Proforma
Reserves and Surplus balance as per audited accounts		200.49
Add/(Less): Ind AS adjustments		
Impact on fair valuation of Compulsorily Convertible Debentures (CCD)	1	(2,514.38)
Impact of hedge accounting on derivative instruments	2	(14.25)
Fair valuation of derivatives	3	1.40
Fair valuation of security deposits	4	(0.22)
Discounting of provisions	5	1.63
Revenue Impact (net)	6	(0.04)
Adjustment on account of purchase of additional stake in partnership firm	10	(15.15)
Impact on account of adoption of Ind AS 116	11	(29.34)
Impact on fair valuation of Property, plant and equipment	8	679.14
Restated other equity balance as at 01 April 2016		(1,690.72)

* adjusted with brought forward balance of Equity as at 01 April 2016

(b) Material regrouping:

Appropriate adjustments have been made in these restated Consolidated Financial Information, 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) and as per the Audited Special Purpose Consolidated Financial Statements of the Company for the half year ended 30 September 2019.

Note **Notes to Restated Consolidated Financial Information**
No.

45 Ind AS adoption reconciliations - Continued

Sl. No.	Explanatory notes
1	The Group had issued Compulsorily Convertible Debentures (CCDs), the instrument provides the holder an option get it converted into equity shares. As per the terms of the instrument, CCDs will get converted into variable number of equity shares, the holder of the instrument has also right to sell back the CCDs to Group after four years from the closing dates. In accordance with Ind AS 32 Financial Instruments - Presentation, the instrument is assessed as a financial liability, the option given to the holder is treated as an embedded derivative and this derivative is fair valued at each reporting date. In accordance with Ind AS 109 Financial Instruments, Group has measured this instrument as a whole at fair value through profit or loss at each reporting dates and recognised the fair value changes in statement of profit and loss.
2	The Group has taken a cross currency interest rate swap (derivative) to hedge a foreign currency floating interest rate loan. It has designated the derivative under cash flow hedging relationship. Under previous GAAP, at the end of every reporting date, the Group restated the foreign currency borrowing and recognised gain or loss on restatement of borrowing under MTM receivable in Balance sheet. However under Ind AS 109 Financial Instruments, the gain or loss on restatement of borrowing is recorded in cash flow hedging reserve (under other comprehensive income).
3	The Group has outstanding foreign currency forward contracts to hedge its foreign currency exposure which were not fair valued. Under Ind AS 109, Financial Instruments, foreign currency forward contracts are fair valued and the resultant gain/loss is recognised in the Consolidated Statement of profit and loss.
4	Under previous GAAP, security deposits were recorded at their transaction value. Under Ind AS, security deposit being a financial asset is recognised at their fair value. Accordingly, the Group has discounted these deposits for the respective lease period and difference between the discounted value (fair value) and the transaction value of security deposit has been recognised as prepaid rent. The prepaid rent is amortised over the lease term and interest income is recorded on the fair value of the security deposit at the interest rate which was used for discounting of the security deposit. The difference in rent expense and interest income have been adjusted with retained earnings as at the transition date and with profit for the respective period.
5	Under previous GAAP, discounting of provisions was not permitted. Under Ind AS, provisions are measured at discounted amounts, to give effect to time value of money.
6	i. Under previous GAAP, the sale of scrap and purchase of the processed raw material are considered as different transactions. Under Ind AS, the sale of scrap and purchase of processed raw material from job worker has to be considered as a single transaction. Hence the sale of scrap and purchase of processed raw material are to be presented net as job worker charges. ii. Under previous GAAP, certain types of discounts and sales schemes offered by entities to their customers were classified as expense and recorded under other expense. Under Ind AS, these have been reduced from revenue. Such re-classifications will not have an impact on the net profits reported by the Group. iii. The Group provides Customer loyalty programmes and the loyalty points are linked to sale transaction. The customer can redeem the award credits by either availing the benefit under the scheme or can adjust the amount against future payable amount. Under previous GAAP, provision was created towards such outstanding loyalty points and these were recorded as expense and corresponding liability was recorded under trade payables. Under Ind AS, the entity identifies the points which is pending to be redeemed as at the reporting date and the defers the revenue to the extent of fair value of these points and thereby the provision created under previous GAAP for accrual of points is reversed under Ind AS.
7	i. The Group has received duty waiver on import of capital goods against meeting export obligation prescribed by the custom authorities. Under Ind AS this benefit has been accounted as government grant and the cost of duty is included as part of the capital asset. ii. The Group has received capital contribution for establishing a manufacturing unit. Under Indian GAAP, the Group has considered it as a government grant and accounted as capital reserve. However under Ind AS 20, when there are no conditions attached or when conditions are attached, Group has to recognise income in such period when the conditions are fulfilled. Consequently the Group has recognised the capital contribution received as income.
8	Under previous GAAP, property, plant and equipment were measured at cost. Under Ind AS, the Group has elected the option of fair valuing the items of property, plant and equipment basis the requirements of Ind AS 101, First Time Adoption of Indian Accounting Standards for deriving the carrying value of these property, plant and equipment ("deemed cost").
9	Under previous GAAP, actuarial gains and losses on defined benefit obligation were recognised in Consolidated Statement of profit and loss. Under Ind AS, the actuarial gains and losses is recognised in other comprehensive income.
10	Under previous GAAP, Group had recognised goodwill on acquisition of additional share of capital in partnership firm. However, under Ind AS any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid should be recognised directly in equity.
11	On transition to Ind AS 116, the adoption of new standard resulted in cumulative effect of Rs. 29.34 Million which was debited to retained earnings, net of taxes as at 01 April 2016. The effect of this adoption is insignificant on the profits before tax, profit for the period and earnings per share. The Company has discounted lease payments using the incremental borrowing rate applicable for the respective year in which the lease contract is initiated, which is ranging from 10% to 11.5% for measuring the lease liability.

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Note Notes to Restated Consolidated Financial Information
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46 Restated Consolidated Statement of Tax Summary

(i) Income tax recognised in the statement of profit and loss

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Current tax				
In respect of current year	3.64	4.60	-	-
In respect of prior years	-	0.28	(5.37)	2.78
	3.64	4.88	(5.37)	2.78
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	-
	-	-	-	-
Total income tax expense recognised in the statement of profit and loss	3.64	4.88	(5.37)	2.78

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17 Proforma
Restated Profit/(Loss) before tax	47.53	12.24	(125.55)	(182.25)
Company's domestic tax rate	34.94%	34.94%	34.61%	34.61%
Tax using the Company's domestic tax rate (Refer Note (a) below)	16.61	4.28	-	-
Tax effect of:				
Expenses that are not deductible in determining taxable profit	-	0.45	-	-
Different tax rates used for long-term capital gains	-	(0.13)	-	-
Unused tax losses not recognised as deferred tax assets	(12.97)	-	-	-
Adjustments recognised in the current period/ year in relation to current tax of prior years	-	0.28	(5.37)	2.78
Income tax recognised in the statement of profit and loss	3.64	4.88	(5.37)	2.78

Note:

(a) The tax rate used in the reconciliations above is the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law. The tax expense recognised for the half year ended September 30, 2019 and years ended March 31, 2019 pertains to Stovekraft India, a partnership firm. The actual tax expense for the years ended March 31, 2018 and March 31, 2017 is zero considering the unabsorbed tax losses and depreciation.

(iii) Movement in deferred tax balances

Particulars	For the half year ended September 30, 2019					
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(379.60)	(43.91)	-	(423.51)	-	-
Employee benefits	15.71	2.49	-	18.20	-	-
Provision for doubtful debts	26.99	3.23	-	30.22	-	-
Other items	5.66	0.01	-	5.67	-	-
Deferred tax assets/ (liabilities)	(331.24)	(38.18)	-	(369.42)	-	-
Set off tax losses/ Deferred tax assets not recognised	331.24	38.18	-	369.42	-	-
Net deferred tax assets / (liabilities)	-	-	-	-	-	-

Particulars	For the year ended March 31, 2019					
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(382.62)	3.02	-	(379.60)	-	-
Employee benefits	13.63	2.08	-	15.71	-	-
Provision for doubtful debts	43.04	(16.05)	-	26.99	-	-
Other items	3.75	1.91	-	5.66	-	-
Deferred tax assets/ (liabilities)	(322.20)	(9.04)	-	(331.24)	-	-
Set off tax losses/ Deferred tax assets not recognised	322.20	9.04	-	331.24	-	-
Net deferred tax assets / (liabilities)	-	-	-	-	-	-

Particulars	For the year ended March 31, 2018					
	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(378.93)	(3.69)	-	(382.62)	-	-
Employee benefits	11.46	2.17	-	13.63	-	-
Provision for doubtful debts	32.73	10.31	-	43.04	-	-
Other items	2.64	1.11	-	3.75	-	-
Deferred tax assets/ (liabilities)	(332.10)	9.90	-	(322.20)	-	-
Set off tax losses/ Deferred tax assets not recognised	332.10	(9.90)	-	322.20	-	-
Net deferred tax assets / (liabilities)	-	-	-	-	-	-

Particulars	For the year ended March 31, 2017					
	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(371.51)	(7.42)	-	(378.93)	-	-
Employee benefits	10.01	1.45	-	11.46	-	-
Provision for doubtful debts	29.50	3.23	-	32.73	-	-
Other items	2.27	0.37	-	2.64	-	-
Deferred tax assets/ (liabilities)	(329.73)	(2.37)	-	(332.10)	-	-
Set off tax losses/ Deferred tax assets not recognised	329.73	2.37	-	332.10	-	-
Net deferred tax assets / (liabilities)	-	-	-	-	-	-

iv) Unrecognized timing differences and tax losses and tax depreciation

Particulars	For the half year ended	For the year ended		
	30-Sep-19	31-Mar-19	31-Mar-18	31-Mar-17
				Proforma
Difference between book value and tax base of Property, plant and equipment	(1,212.10)	(1,086.45)	(1,105.58)	(1,094.91)
Disallowance relating to employee benefits	52.08	44.95	39.37	33.12
Provision for doubtful debts	86.49	77.26	124.36	94.58
Others	16.24	16.19	10.84	7.62
Unabsorbed depreciation and tax losses	1,534.80	1,587.62	1,721.14	1,882.84
Net unrecognized timing differences	477.51	639.57	790.13	923.25
Tax impact	166.84	223.47	273.45	319.52

(v) The Group has a net deferred tax asset with respect to certain timing differences. These timing difference mainly relates to carried forward business losses, unabsorbed depreciation and as a matter of prudence, the Group has not recognised deferred tax asset on these timing differences (Refer note 42).

(vi) No deferred tax adjustments were required in respect of amounts recognised in Other Comprehensive Income in view of the nature of items included therein and the availability of unabsorbed tax losses (including tax depreciation)

(vii) No Deferred tax adjustments were considered necessary to be recognised in respect of timing differences associated with investments in partnership firms.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

1. Corporate information

Stove Kraft Limited (formerly Stove Kraft Private Limited) (the 'Company' / 'SKL') is a company domiciled in India, with its registered office situated at Bengaluru. It is engaged primarily in the business of manufacturing of pressure cookers, LPG stoves, non-stick cookware, wick stoves and trading of other kitchen, home and electrical appliances under the brand names "Pigeon", "Pigeon LED", "Black and Decker" and "Gilma".

The Company changed its name from Stove Kraft Private Limited to Stove Kraft Limited on August 13, 2018. The Restated Consolidated Ind AS Financial Information have been authorised for issuance by the Company's Board of Directors on January 31, 2020.

2. Basis for preparation and presentation and summary of significant accounting policies

2.1 Basis of preparation and presentation

The Restated Consolidated Financial Information of the Company and its partnership firms (together known as the "Group") comprise of the Restated Consolidated Statement of Assets and Liabilities as at September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash Flows for the half year ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017, and the Summary of Significant Accounting Policies and explanatory notes (collectively, the 'Restated Consolidated Financial Information'). These statements have been prepared by the management for the purpose of preparation of the restated Financial Statements as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the SEBI ICDR "Regulations") issued by the Securities and Exchange Board of India ('SEBI') on 11 September 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus ('DRHP') (referred to as 'Offer Document') prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

- (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("ICDR Regulations"); and
- (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

For the half year ended September 30, 2019 and for the year ended March 31, 2019, the Group prepared its financial statements in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013. For all years upto and including the year ended March 31, 2018, the Group prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013. The Group has elected to present the financial information of all the years in these Restated Consolidated Financial Information, as per the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Group has decided to voluntarily adopt Ind AS for the financial year ended March 31, 2019 onwards. In accordance with the transition provision specified under Ind AS 101, the date of transition to Ind AS is April 01, 2017. The Restated Consolidated Financial Information for the year ended 31 March 2017 have been prepared on Proforma basis (i.e. "Proforma Consolidated Ind AS financial information") in accordance with the Guidance Note.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

The Restated Consolidated Financial Information for the period ended September 30, 2019 and for the year ended March 31, 2018 have been compiled by the Company from the Special Purpose Consolidated Financial Statement prepared under Ind AS.

The Restated Consolidated Financial Information for the year ended March 31, 2019 has been compiled by the Company from the Consolidated Financial Statements prepared under Ind AS.

The Proforma Consolidated Ind AS financial information for the year ended March 31, 2017, have been compiled by the management of the Company from the Special Purpose Consolidated Financial Statements of the Company for the year ended March 31, 2017 prepared in accordance with the previous GAAP and making suitable restatement adjustments (both re-measurements and reclassifications) to apply the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as adopted on date of transition to Ind AS i.e. April 01, 2017 ('transition date'). The Restated Consolidated Financial Information is presented in Indian Rupees (INR) and all values are rounded to the nearest millions upto two decimals, except where otherwise indicated.

First-time adoption of Ind AS

The Group has prepared the opening Consolidated Balance Sheet as per Ind AS as of April 1, 2017 by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous Indian GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

a. Deemed cost for property, plant and equipment and intangible assets:

The Group has elected to use fair value of its property, plant and equipment and intangible assets in its Opening Ind AS Balance sheet as deemed cost.

b. Deemed cost for investment in partnership firms and associate:

The Group has elected to continue with the carrying value of all of its partnership firms and associate recognised as of transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

c. Derecognition of Financial Assets and Liabilities:

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

d. Impairment of financial assets:

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

e. Past Business Combination

The Group has elected not to apply Ind AS 103 Business Combination retrospectively to past business combinations that occurred before the transition date of April 1, 2017.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

2.1.1 Basis of Consolidation

The Consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company and its partnership firms. Control is achieved when the Group:

- has power over the investee
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- ability to use its power to effect its returns

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a Partnership firm begins when the Company obtains control over the partnership firm and ceases when the Company loses control of the partnership firm. Specifically, income and expenses of a partnership firm acquired or disposed of during the year are included in the consolidated statements of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control partnership firm.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of partnership firms is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Where necessary, adjustments are made to financial statements of partnership firms to bring their accounting policies in line with the Group's accounting policies.

The financial statements of the Company and its partnership firms have been combined on a line-by-line basis by adding together like items of assets, liabilities, income, expenses and cash flows after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated financial statements include the financial statements of Stove Kraft Limited and its partnership firms as set out below.

Name of the partnership firm	Country of Incorporation	% of holding			
		For the six month period ended September 30, 2019	2018-19	2017-18	2016-17
Stovekraft India (Partnership firm)	India	99%	99%	99%	99%
Saya Industries (Partnership firm)	India	-	-	-*	95%

*Note: During the year 31 March 2018, Saya Industries got dissolved.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

2.2 Summary of significant accounting policies

The Restated Consolidated Financial Information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

i. Sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, loyalty benefits and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

ii. Export entitlement

Government incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same.

iii. Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

(b) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price, net of any trade discounts and rebates, any import duties, other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and other incidental expenses.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase.

Asset	Useful life in years
Leasehold Improvements	3-5 years or over the lease period whichever is lower
Office Equipment's	5 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Asset	Useful life in years
Computer Software	6

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

(d) Inventories

Inventories are valued at the lower of weighted average cost and the net realizable value. Cost includes purchase cost and all other charges in bringing the inventories to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in statement of profit and loss.

A. Financial Assets:

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate a shorter period, to the net carrying amount on initial recognition.

ii. Financial Assets at fair value through other comprehensive Income

Financial assets are measured at fair value through other comprehensive income ('FVTOCI') if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss ('FVTPL') unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities measured at fair value through profit or loss are immediately recognised in the statement of profit and loss.

iv. Impairment of financial assets

In accordance with Ind AS 109 - Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting period, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 months ECL.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original Expected Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

- i. All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- ii. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivables:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

v. Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

vi. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets that are measured at amortised cost and FVTPL, the exchange difference are recognised in statement of profit and loss.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

B. Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

i. Equity Instrument

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

ii. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

iii. Financial liabilities at FVTPL

Financial liability has been designated at FVTPL where it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of profit and loss.

iv. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

v. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of profit and loss.

vi. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

C. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

D. Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

E. Hedge Accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

i. Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in Statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

ii. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity will be recognised in statement of profit and loss on such event.

Stove Kraft Limited (Formerly Stove Kraft Private Limited)

Notes to Restated Consolidated Financial Information

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Foreign Currency transactions and translations

The functional currency of the Group is Indian Rupee (Rs.).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined.

(h) Employee Benefits

Defined Contribution Plan

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plan

For defined benefit plans in the form of gratuity (un-funded), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item "Employee benefit expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

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Notes to Restated Consolidated Financial Information

Long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

(i) Borrowing Costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

(j) Leases

The Company as a Lessee:

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

(k) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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Notes to Restated Consolidated Financial Information

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(l) Provisions and Contingent Liabilities

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to the Financial Statements. Contingent assets are not recognised in the financial statements.

(m) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

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reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss.

(n) Earnings per share (EPS)

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(o) Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

(p) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(q) Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organisational structure and the internal reporting system.

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Notes to Restated Consolidated Financial Information

2.3 Use of estimates and management judgments

In application of the accounting policies, which are described in note 2.2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

2. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

3. Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

4. Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

6. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey management's perspective on our financial condition and results of operations for the Fiscals ended March 31, 2019, 2018 and 2017, and the six month period ended September 30, 2019. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Financial Statements and the sections entitled "Summary of Financial Information" and "Financial Statements" on pages 46 and 164, respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 18. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 13. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.

Our Fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular Fiscal year are to the 12-month period ended March 31 of that year.

You should carefully consider all the information in this Draft Red Herring Prospectus, including this section, "Risk Factors", "Industry Overview" and "Financial Statements" beginning on pages 18, 87 and 164, respectively, before making an investment in the Equity Shares. In this section, any reference to the "Company" "we", "us" or "our" refers to Stove Kraft Limited, unless otherwise specified. Unless otherwise stated, the financial information of our Company used in this section has been derived from our Restated Financial Statement. Unless noted otherwise, some of the information in this section is obtained or extracted from F&S Report on our request.

Overview

We are a kitchen solutions and an emerging home solutions brand. Further, we are one of the leading brands for kitchen appliances in India, and are one of the dominant players for pressure cookers and amongst the market leaders in the sale of free standing hobs and cooktops (Source: F&S Report). We are engaged in the manufacture and retail of a wide and diverse suite of kitchen solutions under our *Pigeon* and *Gilma* brands, and propose to commence manufacturing of kitchen solutions under the *BLACK + DECKER* brand, covering the entire range of value, semi-premium and premium kitchen solutions, respectively. Our kitchen solutions comprise of cookware and cooking appliances across our brands, and our home solutions comprise various household utilities, including consumer lighting, which not only enables us to be a one stop shop for kitchen and home solutions, but also offer products at different pricing points to meet diverse customer requirements and aspirations.

As of October 31, 2019, our *Pigeon* branded products contributed 80.86% to our overall sales and for Fiscal 2019, Fiscal 2018 and for the six month period ended September 30, 2019, *Pigeon* branded products contributed 81.24%, 86.89% and 80.86% to our overall sales respectively and were amongst the leading brands in the market for certain products such free standing hobs, cooktops, non-stick cookware, LPG gas stoves and induction cooktops (Source: F&S Report). Similarly, as of October 31, 2019, the six month period ended September 30, 2019 and for Fiscal 2019 and 2018, our *Gilma* branded products contributed 2.34%, 2.36%, 3.75% and 5.58% of our overall sales, respectively and our *BLACK + DECKER* products contributed 2.59%, 2.37%, 2.67% and 0.88% of our overall sales, respectively. Our *Gilma* portfolio comprises chimneys, hobs and cooktops across price ranges and designs. We believe we have been able to leverage the distribution network of our *Pigeon* branded products, and their brand recall value to enter new product segments and markets. In 2016, we further diversified the *Pigeon* brand by launching LED products under it and in 2019, we commenced manufacturing LED products at our Bengaluru Facility. We maintain a continuous focus on the development of our brands, and invest significant resources towards their growth and outreach. Further, our dedication to R&D, quality and customer satisfaction, our in-house servicing capabilities and our owned maintenance and service network also contribute to the market perception of our brands and products.

Our flagship brands, *Pigeon* and *Gilma*, have enjoyed a market presence of over 14 years and enjoy a high brand recall amongst customers for quality and value for money. *Pigeon* has been listed as one of the "India's Most Admired Brands 2016" by White Page International. As a result of our co-branding initiative over 7 years with LPG companies such as Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited to utilize their sale and distribution channels, our *Pigeon* brand has enjoyed a wide customer outreach and continues to have a high brand recall value. As of the date of this Draft Red Herring Prospectus, we manufacture and retail a wide and diverse range of affordable (value segment), quality products under our *Pigeon* brand, including, *inter alia*, cookware, cooking appliances and household utilities (including consumer lighting). We currently offer a wide range of products such as chimney, hobs and cooktops under the *Gilma* brand, which is targeted at the semi-premium segment.

In addition to our established presence in the value and semi-premium segments through the *Pigeon* and *Gilma* brands, we also entered the premium segment in 2016 pursuant to our exclusive *BLACK + DECKER* Brand Licensing Agreement with Stanley Black & Decker, Inc. and The Black and Decker Corporation, which enables us to exclusively retail, and provide post-sales services in relation to, a wide range of products such as blenders and juicers, breakfast appliances, small cooking appliances and small domestic appliances (as defined under the *BLACK + DECKER* Brand Licensing Agreement) in India under the *BLACK + DECKER* brand, up to December 31, 2027. We are yet to commence manufacturing under the *BLACK + DECKER* brand.

As of October 31, 2019, we manufacture 68.60% of our *Pigeon* and *Gilma* branded products (in terms of number of units) at our well-equipped and backward integrated manufacturing facilities at Bengaluru (Karnataka) and Baddi (Himachal Pradesh), which enables us to control and monitor the quality and costs. Our Bengaluru Facility is spread over approximately 40 acres and 16 guntas, out of which 27 acres and 22 guntas is available for future expansion. As of October 31, 2019, it had an installed annual production capacity of 19.50 million units, with the capability to manufacture products in the pressure cookers, non-stick cookware (roller coated and spray coated), LPG stoves, mixer grinders, LED bulbs, iron and induction cooktops categories. Similarly, as of October 31, 2019, our Baddi Facility, focused on the Oil Company Business, which includes manufacturing and co-branding of products with such Companies, (“OCB”) has an installed capacity of 2.8 million units, with the capability to manufacture products such as LPG stoves and inner lid cooker.

For certain product categories and sub-categories which do not enjoy economies of scale in India, we engage in sourcing from third party OEMs outside India. For sourced products, we have a dedicated team to undertake inspection and ensure that such products are built to suit our specifications in terms of design and quality. For Fiscal 2019, such products which are retailed under our brands but sourced from third-party manufacturers, such as chimneys, hobs, irons, air coolers, kettles, water bottles, flasks, chairs, rice cookers, etc., contributed 31.40% to our turnover, as compared to 29.60% for Fiscal 2018.

We have a separate distribution network for each of our *Pigeon*, *Gilma* and *BLACK + DECKER* brands. Further, there is a separate distribution network for the *Pigeon* LED products. As of October 31, 2019, our manufacturing facilities in Bengaluru and Baddi are well connected with 13 strategically located C&F agents. Additionally, we have 429 distributors in more than 24 states of India and 10 distributors for our products that are exported as of October 31, 2019. As of October 31, 2019, the C&F agents and distributors are, in turn, connected with a dealer network comprising of over 38,090 retail outlets, which are driven through a sales force of 701 personnel. We have entered into commercial arrangements with retail chains such as Metro Cash And Carry India Private Limited for the sale of our *Pigeon* branded products from several of their retail outlets in India. Further, we have also entered into agreements with e-commerce platforms such as Flipkart India Private Limited, for the sale of our products on their portals. Outside of India, we export our products which are manufactured by us to retail chains in the United States of America.

Our *Gilma* brand products are sold through exclusively branded outlets owned and operated by franchisees. As of October 31, 2019, there were 62 such stores spread across five states and 28 cities, with a presence in the urban market in south India. *Gilma* stores are designed to be ‘experience’ stores.

As of October 31, 2019, we have a dedicated service team of 271 personnel to address service calls for all our brands. Our CRM software enables us to track customer requests, pre-installation and post-sales support to ensure customer satisfaction. Specifically for our *Gilma* products, we have a mobile application which enables our customers to register themselves and raise requests for installation and post-sales services through the app. For *Pigeon* and *BLACK + DECKER* products, our customers can reach our Company through toll free numbers, giving missed calls, sending us emails on the customer care ID, sending an SMS to our dedicated number or through our dealers and trade partners.

Our Company was founded by our Promoter, Rajendra Gandhi, a first generation entrepreneur with over 20 years of experience in the kitchen appliances industry. We believe that the sector-specific experience and expertise of our senior management has contributed significantly in the growth of our Company.

Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of important factors that we believe will continue to affect our business and results of operations in the future. These factors include the following:

Availability of raw materials

Our business operations are significantly dependent on local third parties at all stages of product development and sales. Further, we import some of our raw material, such as glasses, aluminum, steel and glass lids from foreign suppliers. Our principal raw materials, being aluminum, aluminum derivatives and steel, are sourced from third party suppliers, and purchased on a purchase order basis. Change in prices of aluminium and steel in the domestically and internationally impact our raw material costs. We also source certain equipment and machinery, such as roller coating lines and channel making machine of LPG unit from off-shore suppliers. In the event of a discontinuation or closure of the foreign suppliers for these equipment, we may not be able to source such equipment from local sources which may lead to increase in production costs and consequently affect the pricing of our products. Further, any adverse fluctuation in foreign exchange rates will in turn impact the prices of the raw materials and our operating margins, results of operations and financial condition

We source our raw materials on the basis of purchase orders, and do not have long term contracts with our raw material suppliers. We depend on a limited number of raw material suppliers for all of our raw material requirements. There may be an unforeseen shortage of raw materials in the future which may impact our results of operations.

Dependence on third parties for distribution of our products

We are dependent on third parties in relation to our distribution and sales. All our products are distributed and sold through third party retail stores and other channels of retail, over which we have limited control. For instance, while we enter into agreements with C&F agents and distributors in the normal course of business, such agreements are typically not long-term contracts. As of October 31, 2019, we have entered into agreements with 13 C&F Agents. Further, the sale of our *Gilma* products is exclusively undertaken from *Gilma* branded franchisee stores. Over the last three Fiscals, we have also reduced our dependency on our co-branding initiatives with LPG companies.

We constantly seek to grow our product reach to under-penetrated geographies, increase the penetration of our products in markets in which we are currently present and widen the portfolio of our products available in those markets by growing our distribution network. Our success is dependent on our ability to successfully appoint new distributors to expand our network and effectively manage our existing distribution network. Further, we may also face disruptions in the delivery of our products for reasons beyond our control, including poor handling by distributors of our products, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries.

Seasonality of business

Our business and the kitchen solutions industry in general is subject to seasonality. Generally, we witness an increase in sales in the second half of the Fiscal and sales generally decline during the first quarter. Our business is also affected by certain festivals which lead to an increase in our sales and by retailers reducing their purchases from us in first quarter of a particular Fiscal. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful.

Changing consumer preferences

The kitchen appliances and kitchen cookware market in India is evolving and consumers may be tempted to shift their choices and preferences when new products are launched or various marketing and pricing campaigns of different brands are introduced. Our future growth depends on availability of, the state of the credit markets, consumer credit, and general economic sentiment. While we believe our current products are in line with changing consumer preferences, our growth would be dependent on our ability to respond to such changing consumer preferences more effectively and successfully. The success of our products depends on our ability to innovate our product portfolio in line with the technological developments in the kitchen solutions industry and on the basis of shifts in consumer preferences.

Competition

The kitchen cookware appliance business and our associated retail business with *Gilma* operates in a highly competitive environment. We compete with other retailers that market products similar to ours. We compete with national businesses that utilize a similar retail store strategy, as well as local unorganized kitchen cookware appliance manufacturers. Many of our competitors may have substantially greater financial and other resources and may be better established with greater brand recognition than us.

The expansion of our business in existing and new markets is dependent on our ability to introduce distinctive brands and products that differentiate us from our competitors. In addition, significant increase in advertising expenditures and promotional activities by our competitors may require us to similarly increase our marketing expenditure for our business and engage in effective pricing strategies.

Our Critical Accounting Policies (as per our Restated Financial Statements)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised net of sales tax / goods and service tax.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

- our Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- our Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Government incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same.

Sales of goods that result in discount vouchers/coupons/loyalty points for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the sale of goods and the discount vouchers/coupons/loyalty issued. The consideration allocated to the discount vouchers/coupons/loyalty points is measured by reference to their fair value. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the discount vouchers/coupons/loyalty points are redeemed and the Company's obligations have been fulfilled.

Effective April 1, 2018, the Company adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised.

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, loyalty benefits and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Individual assets costing less than ₹5,000 are depreciated in full in the year of purchase.

Asset	Useful life in years
Leasehold Improvements	3-5 years, or over the lease period, whichever is lower
Office Equipment's	5 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Asset	Useful life in years
Technical know how	5 Years
Computer Software	6 Years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Inventories

Inventories are valued at the lower of weighted average cost and the net realizable value. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial Instruments

Financial assets and financial liabilities are recognised when our Company becomes a party to the contractual provisions of the instruments.

Foreign Currency transactions and translations

The functional currency of our Company is Indian Rupee (₹).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise.

Provisions and Contingent Liabilities

A provision is recognised when our Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent assets are not recognised in the financial statements.

Principal Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our Restated Financial Statements.

Our Revenue

Revenue from Operations

Our revenue from operations consists of sale of products (excluding goods and services tax, including excise duty) and other operating revenue. Sale of products (including excise duty) primarily consists of sale of cookware and cooking appliances across our brands, and our home solutions comprise various household utilities, including consumer lighting under the *Pigeon*, *Gilma* and *BLACK+DECKER* brands which are either manufactured or traded by us.

Our other operating revenue consist of sale of scrap, duty drawback and mould development charges.

Other Income

The key components of our other income are liabilities earlier provided by us but are reversed now, interest income from banks on deposits, interest on income tax refunds, profit on sale of property, plant and equipment, interest unwinded on discounting of security deposits and interest on trade receivables and miscellaneous income.

Our Expenditure

Our expenses primarily consist of the following:

- *Cost of materials consumed* primarily consists of consumption of raw materials, primarily aluminum, aluminum derivatives, paints, wires, bakelite powder, packing material for products manufactured by us;

- *Purchases of stock in trade* consists of cost of procurement of traded products, primarily LED lights, water bottle, flask, electric kettle, chimney, iron and copper for our *Pigeon* brand and products under *BLACK + DECKER* brand;
- *Changes in inventories of finished goods, work-in-progress and stock-in-trade (increase) / decrease* are an adjustment of the opening and closing stock of finished goods, work-in-progress and stock-in-trade at the end of the Fiscal;
- *Excise duty* is the excise duty paid to the government on the manufacture of our products. Due to the implementation of GST, excise duty was payable till June 30, 2017 for Fiscal 2018.
- *Employee benefit expense* consists of salaries and wages, contribution to provident and other funds, gratuity expense, share based payments to employees and staff welfare expenses;
- *Depreciation and amortisation expenses* comprises of depreciation expenses for all existing and new property, plant and equipment added during the year. Amortisation expenses primarily includes amortisation of intangible assets;
- *Finance costs* includes interest expense on borrowings, interest paid to others, unwinding of interest on provisions and other borrowing costs which include bank charges and other processing charges; and
- *Other expenses* primarily includes expenses on freight and forwarding, business promotion & advertisement expenses, sales commission, loss on financial liability designated as FVTPL, travelling and conveyance, power and fuel, provision for doubtful trade and other receivables, loans and advances (net) and balance written off and job work charges.

Tax (Expenses) / Benefit

Elements of our tax (expenses) / benefit are as follows:

- *Current tax expense relating to prior year (for Fiscals 2019, 2018 and 2017)*: This primarily consists of refund of tax paid for the manufacturing facility at Baddi (Himachal Pradesh) pursuant to section 80IC of the Income Tax Act, 1961.
- *Deferred tax*: Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Other Comprehensive Income

The other comprehensive income consists of (i) items that will not be reclassified to the statement of profit or loss which consists of remeasurement of the net defined benefit plans – gains / (losses); and (ii) all the items of income and expense that will be reclassified to the statement of profit or loss which consists of fair value changes on cash flow hedges net.

Total Comprehensive Income / (loss)

Total comprehensive income / (loss) consists of profit / loss after tax for the year and other comprehensive income.

Our Results of Operations

The following table sets forth a breakdown of our restated consolidated results of operations for Fiscal 2019, 2018 and 2017, and for the six month period ended September 30, 2019, and each item as a percentage of our total income for the periods indicated.

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017 (Proforma)	
	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income
Revenue from operations	3,155.07	99.39	6,409.38	99.74	5,289.52	98.95	5,150.33	99.44
Other income	19.26	0.61	16.60	0.26	56.33	1.05	29.21	0.56
Total income	3,174.33	100.00	6,425.98	100.00	5,345.85	100.00	5,179.54	100.00
Expenses								
Cost of materials consumed	1,526.30	48.08	3,175.40	49.42	2,411.19	45.10	2,669.69	51.54
Purchases of stock in trade	722.39	22.76	1,326.00	20.63	1,203.26	22.51	833.73	16.10
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(196.72)	(6.20)	(114.78)	(1.79)	(78.96)	(1.48)	(117.43)	(2.27)
Excise duty	-	-	-	-	53.33	1.00	215.49	4.16
Employee benefits expense	393.32	12.39	697.95	10.86	590.87	11.05	516.25	9.97
Finance cost	101.43	3.20	179.20	2.79	169.35	3.17	150.05	2.90

Particulars	Six month period ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017 (Proforma)	
	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income	₹ in million	(%) of Total Income
Depreciation & amortisation expenses	57.85	1.82	123.38	1.92	112.25	2.10	110.68	2.14
Other expenses	522.23	16.45	1,026.59	15.98	1,010.11	18.90	983.33	18.98
Total expenses	3,126.80	98.50	6,413.74	99.81	5,471.40	102.35	5,361.79	103.52
Restated Profit / (Loss) before exceptional items and tax	47.53	1.50	12.24	0.19	(125.55)	(2.35)	(182.25)	(3.52)
Exceptional items	-	-	-	-	-	-	-	-
Restated Profit / (Loss) before tax	47.53	1.50	12.24	0.19	(125.55)	(2.35)	(182.25)	(3.52)
Tax expense / (benefit):								
Current tax expense	3.64	0.11	4.60	0.07	-	-	-	-
Current tax expense relating to prior year	-	-	0.28	0.00	(5.37)	(0.10)	2.78	0.05
Deferred tax	-	-	-	-	-	-	-	-
Net tax expense / (benefit)	3.64	0.11	4.88	0.08	(5.37)	(0.10)	2.78	0.05
Restated Profit / (Loss) after tax for the period/ year	43.89	1.39	7.36	0.11	(120.18)	(2.25)	(185.03)	(3.57)
Other Comprehensive Income								
<i>Items that will not be reclassified to statement of profit and loss</i>								
Remeasurements of the defined benefit Plans - Gains / (losses)	(1.68)	(0.05)	1.64	0.03	1.75	0.03	1.32	0.03
<i>Items that will be reclassified to statement of profit and loss</i>								
Fair value changes on cash flow hedges	-	-	0.05	0.00	1.24	0.02	-	-
Total Other Comprehensive Income/(Loss) for the period/ year	(1.68)	(0.05)	1.69	0.03	2.99	0.06	1.32	0.03
Total restated comprehensive income / (loss) for the period/ year	42.21	1.34	9.05	0.14	(117.19)	(2.19)	(183.71)	(3.54)

Six month period ended September 30, 2019

Total income: We recorded a total income of ₹3,174.33 million during the six month period ended September 30, 2019. This increase was mainly due to the following:

- **Revenue from operations:** Our revenue from operations during the six month period ended September 30, 2019 was ₹3,155.07 million. Our revenue from operations during this period were primarily attributable to the following factors:
 - Our revenue from sale of products (including excise duty) during the six month period ended September 30, 2019 was ₹3,139.20 million. The following is a brand wise break up of our revenue from sale of products (including excise duty):

Brand	Revenue from sale of products (including excise duty) (₹ in million)
	Six month period ended September 30, 2019
Pigeon	2833.50
Gilma	80.80
BLACK + DECKER	71.60

- **Other operating revenue:** Our other operating revenue during the six month period ended September 30, 2019, was ₹15.87 million, attributable to sale of scrap and duty drawbacks.
- **Other income:** Our other income during the six month period ended September 30, 2019 was ₹19.26 million, primarily attributable to interest income and income tax refund amounts.

Total expenses: Our total expenses during the six month period ended September 30, 2019 were ₹3,126.80 million, comprising of the following:

- *Cost of materials consumed:* Our cost of materials consumed during the six month period ended September 30, 2019 totaled to ₹1,526.30 million.
- *Purchase of stock in trade:* Our purchase of stock in trade during the six month period ended September 30, 2019 totaled to ₹722.39 million.
- *Changes in inventories of finished goods, work-in-progress and stock-in-trade:* There was an increase in inventories of finished goods, work-in-progress and stock-in trade of ₹196.72 million during the six month period ended September 30, 2019.
- *Employee benefits expense:* Our employee benefit expense during the six month period ended September 30, 2019 totaled ₹393.32 million. In addition to the salaries and wages, contributions to provident fund, gratuity expense and staff welfare expense, our employee benefits expense during this period also included share-based payments to employees.
- *Finance cost:* Our finance cost during the six month period ended September 30, 2019 totaled ₹101.43 million.
- *Depreciation and amortisation expenses:* Our depreciation and amortisation expenses during the six month period ended September 30, 2019 totaled ₹57.85 million.
- *Other expenses:* Our other expenses during the six month period ended September 30, 2019 totaled ₹522.23 million.

Restated Profit / (Loss) before exceptional items and tax : As a result of the factors outlined above, our profit before exceptional items and tax during the six month period ended September 30, 2019 totaled ₹47.53 million.

Restated profit before tax: As a result of the factors outlined above, our profit before tax during the six month period ended September 30, 2019 totaled ₹47.53 million.

Tax expense / (benefit).

- *Current tax expense for the six month period ended September 30, 2019:* We recorded current tax expenses of ₹3.64 million during the six month period ended September 30, 2019.
- *Deferred tax:* We did not record any deferred tax during the six month period ended September 30, 2019.

Net tax expense / (benefit): As a result of the factors outlined above, we recorded a net tax expenses of ₹3.64 million during the six month period ended September 30, 2019.

Restated Profit/(Loss) for the period / year: As a result of the factors outlined above, our profit after tax for the six month period ended September 30, 2019 totaled ₹43.89 million.

Other Comprehensive Income: We recorded other comprehensive expenditure of ₹1.68 million during the six month period ended September 30, 2019.

Total restated comprehensive income for the period/year: As a result of the factors outlined above, our total comprehensive income for the six month period ended September 30, 2019 totaled ₹42.21 million.

Fiscal 2019 compared to Fiscal 2018

Total income: We recorded a total income of ₹6,425.98 million in Fiscal 2019, an increase of 20.21% over our total income of ₹5,345.85 million in Fiscal 2018. This increase was mainly due to the following:

- *Revenue from operations:* Our revenue from operations increased by 21.17% from ₹5,289.52 million in Fiscal 2018 to ₹6,409.38 million in Fiscal 2019. This increase was primarily due to the following factors:
 - Our revenue from sale of products (including excise duty) increased by 20.89% from ₹5,252.46 million in Fiscal 2018 to ₹6,349.96 million in Fiscal 2019. The following is a brand wise break up of our revenue from sale of products (including excise duty):

Brand	Revenue from sale of products (including excise duty) (₹ in million)		Percentage increase / (decrease)
	Fiscal 2019	Fiscal 2018	
Pigeon	5168.70	4,413.80	17.10%
Gilma	256.80	311.73	(17.62%)
BLACK + DECKER	179.3	49.41	362.88%

The increase in revenue from sale of products was primarily due to increase in volumes and revenue in all product categories, namely cookware, cooktops and appliances under the *Pigeon* brand and small domestic appliances in the *Black & Decker* brand. The revenue under the *Gilma* brand is lower than the previous fiscal as our Company continues to restructure the business.

- *Other operating revenue:* Our other operating revenue increased by 60.33% from ₹37.06 million in Fiscal 2018 to ₹59.42 million in Fiscal 2019. This increase was primarily due to an increase in duty drawback from ₹6.98 million in Fiscal 2018 to ₹35.13 million in Fiscal 2019.
- *Other income:* Our other income decreased by 70.53% from ₹56.33 million in Fiscal 2018 to ₹16.60 million in Fiscal 2019. The other income during Fiscal 2018 was higher on account of a write-back of a tax liability, which was no longer required.

Total expenses: Our total expenses were ₹6,413.74 million in Fiscal 2019, an increase of 17.22% over our total expenses of ₹5,471.40 million in Fiscal 2018. This increase was mainly due to the following factors:

- *Cost of materials consumed:* Our cost of materials consumed totaled to ₹3,175.40 million in Fiscal 2019, an increase of 31.69% over ₹2,411.19 million in Fiscal 2018. The increase was due to an increase in revenues.
- *Purchase of stock in trade:* Our purchase of stock in trade totaled to ₹1,326.00 million in Fiscal 2019, an increase of 10.20% over ₹1,203.26 million in Fiscal 2018. The increase was due to an increase in the trading revenues.
- *Changes in inventories of finished goods, work-in-progress and stock-in-trade:* There was an increase in inventories of finished goods, work-in-progress and stock-in trade of ₹114.78 million in Fiscal 2019, as compared to an increase of ₹78.96 million in Fiscal 2018. This was primarily due to an enhancement of the level of operations.
- *Excise Duty:* We did not pay any excise duty during Fiscal 2019, as compared to the excise duty paid during Fiscal 2018, totaling to ₹53.33 million. This was on account of introduction of GST from July 2017, in place of excise duties.
- *Employee benefits expense:* Our employee benefit expense totaled ₹697.95 million in Fiscal 2019, an increase of 18.12% over ₹590.87 million in Fiscal 2018. This increase was primarily due to new recruitments and salary increases.
- *Finance cost:* Our finance cost totaled ₹179.20 million in Fiscal 2019, an increase of 5.82% over our finance cost of ₹169.35 million in Fiscal 2018. This increase was primarily due to higher level of borrowings for working capital and processing fee paid for new banking facilities.
- *Depreciation and amortisation expenses:* Our depreciation and amortisation expenses totaled ₹123.38 million in Fiscal 2019, an increase of 9.92% over depreciation and amortisation expenses of ₹112.25 million in Fiscal 2018. This increase was primarily due to fresh capital expenditure incurred by our Company during Fiscal 2019.
- *Other expenses:* Our other expenses totaled ₹1,026.59 million in Fiscal 2019, an increase of 1.63% over other expenses of ₹1,010.11 million in Fiscal 2018. This increase was primarily due to foreign currency realized and unrealized transaction and transaction losses.

Restated Profit/(Loss) before exceptional items and tax: As a result of the factors outlined above, our profit before exceptional items and tax increased by 109.75% from a loss of ₹125.55 million in Fiscal 2018 to a profit of ₹12.24 million in Fiscal 2019.

Restated Profit/(Loss) before tax: As a result of the factors outlined above, our profit before tax increased by 109.75% from a loss of ₹125.55 million in Fiscal 2018 to a profit of ₹12.24 million in Fiscal 2019.

Tax expense / (benefit).

- *Current tax expense for the current year:* We recorded a current tax expense of ₹4.60 million in Fiscal 2019 as compared to a current tax expense of ₹NIL in Fiscal 2018.
- *Current tax expense relating to prior year:* We recorded current tax expense relating to a prior year of ₹0.28 million, during Fiscal 2019 as compared to current tax benefit of ₹5.37 million in Fiscal 2018.
- *Deferred tax:* We did not record any deferred tax in Fiscal 2019.

Net tax expense / (benefit): As a result of the factors outlined above, we recorded a net tax expense of ₹4.88 million in Fiscal 2019 as compared to a net tax benefit of ₹5.37 million in Fiscal 2018.

Restated Profit/(Loss) for the period / year: As a result of the factors outlined above, our profit after tax for Fiscal 2019 totaled at ₹7.36 million in Fiscal 2019 from a loss after tax of ₹120.18 million in Fiscal 2018.

Total Other Comprehensive Income for the period / year: We recorded other comprehensive income of ₹1.69 million in Fiscal 2019 as compared to a total other comprehensive income of ₹2.99 million in Fiscal 2018. This was primarily due to increase in number of employees and workers.

Total restated comprehensive income for the period / year: As a result of the factors outlined above, our total comprehensive income for Fiscal 2019 totaled to ₹9.05 million, as compared to a total comprehensive loss of ₹117.19 million in Fiscal 2018.

Fiscal 2018 compared to Fiscal 2017

Total income: We recorded a total income of ₹5,345.85 million in Fiscal 2018, an increase of 3.21% over our total income of ₹5,179.54 million in Fiscal 2017. This increase was mainly due to the following:

- **Revenue from operations:** Our revenue from operations increased by 2.70% from ₹5,150.33 million in Fiscal 2017 to ₹5,289.52 million in Fiscal 2018. This increase was primarily due to the following factors:

- Our revenue from sale of products (including excise duty) increased by 2.59% from ₹5,119.90 million in Fiscal 2017 to ₹5,252.46 million in Fiscal 2018. The following is a brand wise break up of our revenue from sale of products (including excise duty):

Brand	Revenue from sale of products (including excise duty) (₹ in million)		Percentage increase / (decrease)
	Fiscal 2018	Fiscal 2017	
<i>Pigeon</i>	4,666.33	4,492.92	3.85%
<i>Gilma</i>	465.06	542.33	(14.25%)
<i>BLACK + DECKER</i>	49.41	-	-

The increase in revenue from sale of products under the *Pigeon* brand was primarily due to an increase in sales of vegetable choppers, chimneys, wet grinder, mixer grinder and pressure cooker. The decrease in revenue from sale of products under the *Gilma* brand was due to discontinuation of certain products and focus on certain products such as hobs, chimneys and glass cooktops. The marginal increase in revenue from sale of products (including excise duty) was also due to the shifting of our manufacturing lines of induction and glass cooktops stoves from our manufacturing facility in Baddi (Himachal Pradesh) to Bengaluru and reduction of our co-branding business with LPG companies. The overall increase in the revenue from sale of products (including excise duty) was also due to an increase in the dealers from 19,054 as of March 31, 2017 to 29,800 as of March 31, 2018, increase in C&F agents from seven as of March 31, 2017 to 14 as of March 31, 2018, distribution of the products in modern retail and e-commerce platforms.

- **Other operating revenue:** Our other operating revenue increased by 21.79% from ₹30.43 million in Fiscal 2017 to ₹37.06 million in Fiscal 2018. This increase was primarily due to an increase in sale of scrap from ₹20.64 million in Fiscal 2017 to ₹26.83 million in Fiscal 2018 which was partially offset by a duty drawback from ₹9.79 million in Fiscal 2017 to ₹6.98 million in Fiscal 2018.
- **Other income:** Our other income increased by 92.84% from ₹29.21 million in Fiscal 2017 to ₹56.33 million in Fiscal 2018. This increase was primarily due to (i) an increase in the liability no more required written back from ₹9.55 million in Fiscal 2017 to ₹41.85 million in Fiscal 2018 due to vendor balances of more than 3 years written back; (ii) receipt of government grants and gain on financial instruments designated at FVTPL of ₹2.52 million and ₹1.33 million respectively in Fiscal 2018 which was not present in Fiscal 2017.

Total expenses: Our total expenses were ₹5,471.40 million in Fiscal 2018, an increase of 2.04% over our total expenses of ₹5,361.79 million in Fiscal 2017. This increase was mainly due to the following factors:

- **Cost of materials consumed:** Our cost of materials consumed totaled to ₹2,411.19 million in Fiscal 2018, a decrease of 9.68% over ₹2,669.69 million in Fiscal 2017. The decrease was due to improved material efficiencies, reduction in material cost due to the implementation of the goods and services tax, change in product mix, better material procurement controls due to the implementation of SAP at our manufacturing facility at Baddi (Himachal Pradesh).
- **Purchase of stock in trade:** Our purchase of stock in trade totaled to ₹1,203.26 million in Fiscal 2018, an increase of 44.32% over ₹833.73 million in Fiscal 2017. The increase was due to an increase in purchase of traded goods which primarily comprised of *Pigeon* LED products and *BLACK + DECKER* products.
- **Changes in inventories of finished goods, work-in-progress and stock-in-trade:** There was an increase in inventories of finished goods, work-in-progress and stock-in trade of ₹78.96 million in Fiscal 2018, as compared to an increase of ₹117.43 million in Fiscal 2017. This was primarily due to better operational efficiency in our supply chain, improvement in demand forecasting and better monitoring of our products.

- *Excise Duty:* The excise duty paid in Fiscal 2018 totaled ₹53.33 million, a decrease of 75.25% over ₹215.49 million in Fiscal 2017. This decrease was primarily due to GST becoming applicable from July 1, 2017. Accordingly, the excise duty paid during Fiscal 2018 was applicable till June 30, 2017 and hence is not comparable to the excise duty paid in Fiscal 2017.
- *Employee benefits expense:* Our employee benefit expense totaled ₹590.87 million in Fiscal 2018, an increase of 14.45% over ₹516.25 million in Fiscal 2017. This increase was primarily due to a 14.42% increase in salaries and wages from ₹457.50 million in Fiscal 2017 to ₹523.48 million in Fiscal 2018. This was due to an increase in employees in the corresponding period and a revision in salaries and wages.
- *Finance cost:* Our finance cost totaled ₹169.35 million in Fiscal 2018, an increase of 12.86% over our finance cost of ₹150.05 million in Fiscal 2017. This increase was primarily due to an increase in interest expense on borrowings from ₹114.90 million in Fiscal 2017 to ₹126.68 million in Fiscal 2018 and interest expense on interest paid to others from ₹19.77 million in Fiscal 2017 to ₹26.21 million in Fiscal 2018. This was primarily due to additional bank facilities such as working capital term loans and vehicle loan availed by us coupled with an increase in interest paid on security deposits placed by C&F agents.
- *Depreciation and amortisation expenses:* Our depreciation and amortisation expenses totaled ₹112.25 million in Fiscal 2018, an increase of 1.42% over depreciation and amortisation expenses of ₹110.68 million in Fiscal 2017. This increase was primarily due to addition to fixed assets, such as plant and machinery of ₹39.11 million and vehicles of ₹10.17 million.
- *Other expenses:* Our other expenses totaled ₹1,010.11 million in Fiscal 2018, an increase of 2.72% over other expenses of ₹983.33 million in Fiscal 2017. This increase was primarily due to an increase in (i) freight and forwarding from ₹163.99 million in Fiscal 2017 to ₹195.66 million in Fiscal 2018 due to an increase in the number of dealers; (ii) business, promotion & advertisement expenses from ₹151.77 million in Fiscal 2017 to ₹161.73 million in Fiscal 2018 due to an increase in the number of dealers and brand promotion; (iii) travelling and conveyance from ₹51.45 million in Fiscal 2017 to ₹69.96 million in Fiscal 2018; (iv) Provision for doubtful trade and other receivables, loans and advances (net) and balance written off from ₹4.89 million in Fiscal 2017 to ₹59.65 million in Fiscal 2018 due to the adoption of a conservative provisioning policy adopted by us; and (v) power and fuel from ₹53.85 million in Fiscal 2017 to ₹54.23 million in Fiscal 2018 which was partially offset by a decrease in (i) loss on financial liability designated as FVTPL from ₹205.20 million in Fiscal 2017 to ₹153.80 million in Fiscal 2018; (ii) sales commission from ₹148.69 million in Fiscal 2017 to ₹114.85 million in Fiscal 2018; and (iii) job work charges from ₹68.00 million in Fiscal 2017 to ₹58.07 million in Fiscal 2018.

Restated Profit / (Loss) before exceptional items and tax: As a result of the factors outlined above, our loss before exceptional items and tax decreased by 31.11% from ₹182.25 million in Fiscal 2017 to ₹125.55 million in Fiscal 2018.

Restated Profit / (Loss) before tax: As a result of the factors outlined above, our loss before tax decreased by 31.11% from ₹182.25 million in Fiscal 2017 to ₹125.55 million in Fiscal 2018.

Tax expense / (benefit).

- *Current tax expense for the current year:* We did not record current tax expenses in Fiscals 2017 and 2018. This was primarily due to brought forward income tax losses by us.
- *Current tax expense relating to prior year:* We recorded a current tax benefit relating to prior year of ₹5.37 million in Fiscal 2018 as compared to a current tax expense of ₹2.78 million in Fiscal 2017.
- *Deferred tax:* We did not record any deferred tax in Fiscals 2017 and 2018.

Net tax expense / benefit: As a result of the factors outlined above, we recorded a net tax benefit of ₹5.37 million in Fiscal 2018 as compared to a net tax expense of ₹2.78 million in Fiscal 2017.

Restated Profit / (Loss) after tax for the year: As a result of the factors outlined above, our loss after tax for the year decreased by 35.05% from ₹185.03 million in Fiscal 2017 to ₹120.18 million in Fiscal 2018.

Total Other Comprehensive Income for the period / year: We recorded other comprehensive income of ₹2.99 million in Fiscal 2018 as compared to a total other comprehensive income of ₹1.32 million in Fiscal 2017. This was primarily due to gains on remeasurements of defined benefit plans which will not be subsequently reclassified to the statement of profit or loss.

Total restated comprehensive income for the period / year: As a result of the factors outlined above, our total comprehensive loss for the year decreased by 36.21% from ₹183.71 million in Fiscal 2017 to ₹117.19 million in Fiscal 2018.

Liquidity and Capital Resources

Capital Requirements

For Fiscals 2019, 2018 and 2017, and for the six month period ended September 30, 2019 we met our funding requirements, including capital expenditure, satisfaction of debt obligations, investments, taxes, working capital requirements and other cash outlays, principally with funds generated from operations and optimisation of operating working capital, with the balance principally met using external borrowings from banks.

The following table sets forth information on cash and cash equivalents as at the dates indicated:

Particulars	As at September 30, 2019	As at March 31		
		2019	2018	2017
		(₹ in million)		
Cash and cash equivalents	61.02	285.24	4.00	5.42

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
	(₹ in million)			
	Net cash generated from /(used) in operating activities	(95.37)	131.72	113.04
Net cash generated from /(used) in investing activities	(121.53)	(68.11)	(61.49)	(47.34)
Net cash generated from/(used) in financing activities	(7.32)	217.63	(52.97)	(246.15)

Net Cash Flow from Operating Activities

For the six month period ended September 30, 2019, our net cash used in operating activities was ₹95.37 million which primarily comprised of net increase in current assets and current liabilities.

For Fiscal 2019, our net cash flow from operating activities was ₹131.72 million which was primarily generated from reduction of inventories.

For Fiscal 2018, our net cash flow from operating activities was ₹113.04 million which primarily comprised of (i) restated loss before tax of ₹125.55 million which was adjusted for, primarily among other things, depreciation of ₹112.25 million, fair valuation of compulsorily convertible debentures of ₹153.80 million and finance cost of ₹152.89 million partially offset by liability no more required written back of ₹41.85 million; (ii) changes in working capital; and (iii) net income taxes (paid) / refund received. Changes in working capital primarily included, inter-alia, increase in trade receivables of ₹247.93 million due to increased sales and enhanced credit terms to modern retailers, ecommerce and distributors, increase in inventories of ₹325.11 million due to increase in traded products and higher inventory level of BLACK+DECKER products, increase in trade payables of ₹343.34 million due to renegotiated payment terms and increase in import vendors due to increase in trading volumes. For Fiscal 2018 no net income taxes (paid) / refund received were recorded in net cash flow from operating activities.

For Fiscal 2017, our net cash flow from operating activities was ₹294.80 million which primarily comprised of (i) restated loss before taxation of ₹182.25 million which was adjusted for, primarily among other things, depreciation of ₹110.68 million, fair valuation of compulsorily convertible debentures of ₹205.20 million and finance cost of ₹134.67 million; (ii) changes in working capital; and (iii) net income taxes (paid) / refund received. Changes in working capital primarily included, inter-alia, increase in trade receivables of ₹103.03 million due to increased sales and increase in trade payables of ₹201.30 million due to enhanced business volumes, particularly from modern retail and e commerce platforms. Net cash flow from operating activities also included net income taxes paid of ₹13.11 million.

Net Cash Flow from Investing Activities

For the six month period ended September 30, 2019, our net cash used in investing activities was ₹121.53 million which primarily comprised of expenditure towards new fixed assets, mainly in plant and machinery.

For Fiscal 2019, our net cash used in investing activities was ₹68.11 million which primarily comprised of expenditure towards new fixed assets, mainly plant and machinery.

For Fiscal 2018, our net cash used in investing activities was ₹61.49 million which primarily comprised of capital expenditure on fixed assets (including capital advance) of ₹63.18 million.

For Fiscal 2017, our net cash used in investing activities was ₹47.34 million which primarily comprised of capital expenditure on fixed assets (including capital advance) of ₹70.95 million which was partially offset by movement of margin money deposit with banks (net) of ₹17.92 million.

Net Cash Flow from Financing Activities

For the six month period ended September 30, 2019, our Net cash used in financing activities was ₹7.32 million which primarily comprised of repayment of long term borrowing of ₹34.52 million and net increase in working capital borrowings of ₹114.33 million and finance cost of ₹83.68 million.

For Fiscal 2019, our net cash flow from financing activities was ₹217.63 million which primarily comprised of working capital term loans from banks.

For Fiscal 2018, our net cash used in financing activities was ₹52.97 million which primarily comprised of finance cost of ₹148.17 million offset by repayment of long term borrowings of ₹56.56 million and net increase in working capital borrowings of ₹26.76 million.

For Fiscal 2017, our net cash used in financing activities was ₹246.15 million which primarily comprised of finance cost of ₹124.94 million, decrease in working capital borrowings of ₹69.48 million and repayment of long term borrowings of ₹51.73 million.

Capital Expenditures

Our capital expenditures are mainly related to setting up new manufacturing facility at Bengaluru for the manufacture of pressure cookers, press machines for roller coating and LPG units, channel forming machine for glass cooktops and deployment of new hard anodized tanks, construction work for our new office building and other civil works.

The table below provides details of our net cash outflow on capital expenditures for the periods stated on a restated consolidated basis.

Particulars	Six month period ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
	(₹ in million)			
Capital expenditure on property, plant and equipment (including capital advance)	111.15	74.43	63.18	70.95

Planned Capital Expenditures

Our planned capital expenditures for Fiscal 2020 primarily relate to installation of a manual and automated LED facility in Bengaluru, process automation and implementation of SAPS4HANA.

The anticipated source of funding for our planned capital expenditures is combination of cash from our operations and financial assistance from scheduled commercial banks and financial institutions. For further information, see “*Objects of the Offer*” on page 70.

Indebtedness

As of December 31, 2019, we had fund and non-fund based borrowings. For further details see “*Financial Indebtedness*” on page 242.

Contractual Obligations

The table below sets forth, as of September 30, 2019, we had contractual obligations with definitive payment terms.

Particulars	As at September 30, 2019			
	Carrying value	Total	Less than 1 year	More than 1 year
	(₹ in million)			
Borrowings	3,268.02	3,268.02	3,071.01	197.01
Compulsorily convertible debentures	1,847.27	1,847.27	1,847.27	--
Other financial liabilities	206.69	206.69	115.82	90.87

Contingent Liabilities and commitment

As of September 30, 2019, we had the following contingent liabilities and commitments:

Particulars	As at September 30, 2019
	(₹ in million)
<i>Contingent liabilities</i>	
- Indirect tax matters under appeal	75.90
- Other disputed claims	2.68

Particulars	As at
	September 30, 2019 (₹ in million)
- Direct tax matters under appeal	-
- Provident fund claims	9.39
- Tax liability towards pending C form	-
- Bank guarantee	-
<i>Commitment</i>	
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (net of advances)	59.22
Total	147.19

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

Market Risks

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Commodity Price Risk

We are exposed to fluctuations in the price of aluminum, aluminum derivatives and steel. The market price of these commodities fluctuate due to certain factors, such as government policy and level of demand and supply in the market and price movement domestically and internationally. Therefore, fluctuations in the prices of aluminum, aluminum derivatives and steel may have a significant effect on our business, results of operations and financial condition.

Interest Rate Risk

We have floating rate and marginal cost of fund based lending rate indebtedness with banks and thus are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debt. We monitor the movement of interest rates on an ongoing basis.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. We transact business primarily in Indian Rupees and our exports are in U.S. dollars. We also import traded products from China designated in US Dollars and Chinese Yuan. As on the six month period ended September 30, 2019, the amount of total traded products imported from China stood at ₹695.72 million which is 93.1% of the total purchases of the Company which stood at ₹747.20 million. As a result, we have foreign currency trade payables and receivables and are therefore exposed to foreign exchange risk. Certain of our transactions act as a natural hedge as a portion of both our assets and liabilities are denominated in similar foreign currencies. For the remaining exposure to foreign exchange risk we adopt a policy of selective hedging based on the risk perception of our management.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, to the extent possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Credit risk

We are exposed to credit risk from our operating activities, primarily from trade receivables. We typically extend credit terms of 30 days to our distributors and franchisees and 60 days to modern retail and e-commerce platforms. If the counterparties do not pay promptly, or at all, we may have to make provisions for or write-off such amounts. As of March 31, 2019, 2018 and 2017, and for the six month period ended September 30, 2019, our trade receivables on a restated consolidated basis were ₹896.56 million, ₹795.52 million, ₹592.84 million and ₹1,428.15 million, respectively. As at Fiscals 2019, 2018 and 2017, and the six month period ended September 30, 2019, our trade receivables considered doubtful were ₹77.26 million, ₹124.36 million, ₹94.58 million and ₹86.49 million, respectively.

Inflation Risk

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Total turnover of each major industry segment in which our Company operated

We are engaged in the business of manufacturing and trading of kitchen appliances. For the purpose of reporting we operate as a single segment under the provisions of Ind AS 108 'Operating Segments' as the nature of products, the production and distribution process, class of customers and the regulatory environment is similar for all the segments.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as “unusual” or “infrequent”.

Known Trends or Uncertainties

Other than as described in “*Risk Factors*” and this “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18 and 225, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships between Expenditure and Income

Other than as described in “*Risk Factors*” on page 18 and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 225, to our knowledge there are no known factors which we expect will have a material adverse impact on our operations or finances.

New Product or Business Segments

Other than as described in “*Our Business*” on page 114, there are no other business segments in which we operate / intend to diversify.

Competitive Conditions

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products. For further details, please refer to “*Risk Factors*” and “*Our Business*” beginning on pages 18 and 114, respectively.

Significant Developments after September 30, 2019

To our knowledge, except as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months:

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	For the six month period ended September 30, 2019*	Fiscal 2019	Fiscal 2018	Fiscal 2017
Basic Earnings/ (loss) per Equity Share (in ₹) (Refer Note 1)	1.77	0.33	(6.35)	(9.78)
Diluted Earnings/ (loss) per Equity Share (in ₹) (Refer note 2)	1.77	0.33	(6.35)	(9.78)
Return on Net Worth (%) (Refer to note 3)	N.M.	N.M.	N.M.	N.M.
Net Asset Value Per Equity Share (in ₹) (Refer Note 4)	(23.88)	(25.87)	(95.29)	(89.10)
EBITDA (in ₹ million) (Refer note 5)	187.55	298.22	99.72	49.27

*Not annualised

Notes: The ratios have been computed as under:

1. Basic EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period. The EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per Share” issued by ICAI
2. Diluted EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of dilutive equity shares outstanding during the year/ period. The EPS calculations have been done in accordance with Accounting Standard 20 – “Earnings per Share” issued by ICAI
3. Return on Net Worth Ratio = Net profit after tax, as restated for the year/ period, attributable to equity shareholders/ Net worth (excluding revaluation reserve), as restated, at the end of the year/ period.
4. Net assets value per equity share (in ₹) = Net Asset Value (Net Worth), as restated, at the end of the period/ year/ Number of equity shares outstanding at the end of the year/ period
5. EBITDA = Revenue from operations – (cost of materials consumed + excise duty + purchases of stock-in-trade + Changed in inventories of finished goods, stock-in-trade and work-in-progress + Employee benefits expenses+ other expenses), unless specifically stated
Accounting and other ratios shall be based on the financial statements derived from the Restated Financial Information.
6. N.M. = Not Meaningful

In accordance with the SEBI ICDR Regulations the audited standalone financial statements of the Company for the six month period ended September 30, 2019 and for Fiscals ended March 31, 2019, March 31, 2018 and March 31, 2017, (collectively, the “**Audited Financial Statements**”) are available on our website at <https://stovekraft.com/investors>

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. None of our Company or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at September 30, 2019, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 225, 164 and 18, respectively.

(₹ in million)

Particulars	Pre-Offer as at September 30, 2019	As adjusted for the proposed Offer
Current Borrowings	1,114.06	[●]
Non-current Borrowings	2,061.75	[●]
Total Borrowings	3,175.81	[●]
Equity share capital	247.17	[●]
Other equity	(837.46)	[●]
Equity attributable to owners of the Company	(590.29)	[●]
Total Borrowings/ Equity attributable to owners of the Company	(5.38)	[●]
Non-current Borrowings/ Equity attributable to owners of the Company	(3.49)	[●]

Note 1 - The corresponding Post IPO capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building Process and hence the same has not been provided in the above statement.

Note 2 - The Class A Equity Shares and the CCDs outstanding will be converted into Equity Shares on or prior to filing of the Red Herring Prospectus with the RoC. For details of the reclassification of Class A Equity Shares and conversion of the CCDs, see "Capital Structure – Notes to capital structure – Share capital history of our Company – (b) Class A Equity Shares and (c) Compulsorily Convertible Debentures" on page 59 and for details in relation to the options granted pursuant to the ESOP Plan, see "Notes to Capital Structure – Employee stock option plan" on page 67.

FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for the purposes of, *inter alia*, purchase/import of raw materials, packing material, stores and spares and meeting working capital requirements. Our Promoters provide personal guarantees in relation to these loans as and when required. For the Offer, our Company has obtained the necessary consents required under the relevant loan documentations for undertaking activities, including, *inter alia*, for change in its capital structure, change in its shareholding pattern, reconstitution of the board of directors and change or amendment to the constitutional documents of our Company.

Pursuant to a resolution dated July 12, 2018 passed by our Shareholders, our Company is authorised to borrow any sum or sums of money from time to time, with or without security and on such terms and conditions as our Board may deem fit, provided the total amount of monies including money already borrowed by our Company (excluding temporary loans obtained from bankers of our Company in the ordinary course of business) shall not at any time exceed the limit of ₹ 3,500 million, irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves not set apart for any specific purpose.

Set forth below is a brief summary of our aggregate borrowings as of December 31, 2019 on a consolidated basis:

Category of borrowings	Sanctioned amount (₹ in million)	Outstanding amount (₹ in million) as on December 31, 2019
Term loans	508.30	315.74
Working Capital Facilities*		
Fund-based and non-fund based working capital	1,530.00	1,295.40
Vehicle Loan	12.11	9.23
Total	2,050.41	1,620.37

Working Capital Facilities typically include sub-limits for other facilities like Letter of Credit, Overdraft facility, cash credit, Guarantees, including others
Note: The details above have been certified by Mishra & Co., Chartered Accountants pursuant to certificate dated January 31, 2020.

Principal terms of the borrowings availed by us:

- Interest:** In terms of the loans availed by the Company, the interest rate is typically a spread between 11% and 12.50% per annum including the base rate of a specified lender, as applicable. The spread varies among different loans.
- Tenor:** The tenor of the term loan availed by us is 60 months and the tenor of the cash credit facilities availed by is 12 months.
- Security:** In terms of our borrowings where security needs to be created, we are typically required to:
 - create security by way of hypothecation on our Company's present and future book-debts;
 - create *pari-passu* charges with other lenders on some of our properties and plants and machinery;
 - create equitable mortgage over some of our properties; and
 - create charges on our movable and immovable assets including our equipment, machinery, etc.

Additionally, our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, and our Director, Neha Gandhi, have provided personal guarantees as security in relation to the facilities availed by us.

The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

- Re-payment:** The working capital facilities are typically repayable on demand. However, in certain cases, our lenders may have a right to modify or cancel the facilities without prior notice and require immediate repayment of all outstanding amounts.
- Penalty:** The loans availed by our Company contain provisions prescribing penalties for delayed payment or default in the repayment obligations or for diversion of short term funds to long term funds. These penalties typically range from 1% p.a. to 2% p.a.
- Prepayment and Pre-closure:** Our Company may prepay part or full amount with notice and certain pre-payment charges as may be applicable in accordance with the terms and conditions agreed upon with a specific lender. The prepayment charge is typically 2% to 3% of the amount being prepaid. Further, our Company may also be subject to pre-closure charge which typically varies from 2% to 3% of either outstanding and undisbursed amount, or the sanctioned amount.
- Events of Default:** Borrowing arrangements entered into by our Company contain standard events of default, including:

- a) Change in capital structure or shareholding pattern of the borrower from current levels without prior permission of the lender;
- b) Change or amendment to the constitutional documents without the prior approval of the lender;
- c) Creation of any further charge on the fixed assets of our Company without prior approval of the lender;
- d) Violation of any term of the relevant agreement or any other borrowing agreement entered into by our Company with the lender;
- e) Transfer of the controlling interest or drastic changes in the management set-up including the resignation of the promoter directors without prior notice being given to the lender;
- f) Approaching the capital markets for mobilisation of additional resources in the form of equity or debt without prior permission of the lender; and
- g) Diversion of funds for purposes other than the sanctioned purpose.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Additionally our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company for the purpose of availing of loans are not triggered.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action; (iv) claims related to direct and indirect taxes in a consolidated manner; and (v) details of any other pending litigation as determined to be material as per a policy approved by the Board of Directors, in each case involving our Company, Promoters and Directors (“**Relevant Parties**”).*

For the purpose of material litigation in (v) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to Board resolution dated January 23, 2020 to be disclosed by our Company in this Draft Red Herring Prospectus:

- (a) **Pre-litigation notices:** Notices received by the Relevant Parties from third parties (excluding statutory/regulatory/tax authorities or notices threatening criminal action) shall not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum; and
- (b) **De minimis monetary threshold for civil litigation:** Pending litigation involving the Relevant Parties, other than criminal proceedings, statutory and regulatory actions and taxation matters, shall be considered material if the monetary amount of the claim by or against the entity or person in any such proceeding exceeds 0.1 % of the total income of the Company as per the last annual Restated Financial Statements. For the purposes of disclosure in the Offer Documents, it is clarified that the de minimis threshold for all outstanding civil litigation involving the Relevant Parties is ₹6.43 million. However, in the event of pending civil litigation wherein a monetary liability is not quantifiable, such litigation shall be considered as material only in the event that the outcome of such litigation has a bearing on the operations, performance, prospects or reputation of the Company.

Further, except as stated in this section, there are no (i) outstanding dues to creditors of our Company as determined to be material by our Board of Directors, in accordance with SEBI ICDR Regulations; (ii) outstanding dues to micro, small and medium enterprises and other creditors, including material creditors as defined under the materiality policy; and (iii) disciplinary actions taken including penalty imposed by the SEBI or a recognised stock exchange against our Promoters in the last five Fiscals”.

I. Litigation involving our Promoters

A. Outstanding criminal litigation against our Promoters

1. A criminal complaint bearing CC No. 35390/2006 (“**Complaint**”) has been filed by the Karnataka State Pollution Control Board (“**KSPCB**”) before the court of the Additional Chief Metropolitan Magistrate, Bengaluru (“**ACMM Court**”) against our Company and our Promoter, Rajendra Gandhi. Pursuant to the Complaint, the KSPCB has alleged the violation of, *inter alia*, Section 21 of The Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) by our Company. The KSPCB has alleged that our Company had operated our erstwhile facility situated at No. 28/1, adjacent to AGS layout, 3rd main road, Arehalli Village, Uttarahalli Hobli, Bengaluru without obtaining the requisite consents under Air Act. Pursuant to an order, the ACMM Court took cognizance of the alleged offence and issued a non-bailable warrant against our Promoter, Rajendra Gandhi. Subsequently, pursuant to an order of the ACMM Court dated January 22, 2011, our Promoter, Rajendra Gandhi was enlarged on bail. Subsequently, our Company submitted an application for discharge to the ACMM Court, submitting, *inter alia*, that the Complaint was made by an officer, not authorised by the KSPCB and therefore and was in violation of Section 43 of the Air Act, which requires a complaint alleging violation of Section 37 of the Air Act to be made by the concerned pollution control board or an officer authorised by such board. In response, the KSPCB filed objections dated February 18, 2017 with the ACMM Court, seeking the quashing of our application for discharge. On March 31, 2017, the ACMM Court passed its order in relation to the Complaint, and held that the Complaint filed was maintainable and the application for discharge of the Complaint was rejected. Aggrieved by the order, our Company filed an interlocutory application bearing number I.A. No. 1/2017 and a criminal petition 3097/2017 before the High Court of Karnataka (“**HC Application**”), for the quashing of the Complaint. Pursuant to its order dated April 17, 2017, the High Court of Karnataka has ordered a stay on the proceedings before the ACMM Court until further notice. The matter is currently pending.
2. A first information report bearing number 305 of 2018 (“**FIR**”) has been filed by Raju (“**Complainant**”) before the Principal Civil Judge (Jr. Division) & JMFC Court, against our Promoter Rajendra Gandhi. The FIR has been filed in relation to the accident at our Bengaluru facility on November 13, 2018. Pursuant to the FIR, the Complainant had accused our Promoter of causing hurt by act of endangering life or personal safety. Further, the Complainant has also alleged that one of the factory workers was forced by the factory supervisor to operate certain machines in the factory, even though the employee did not have any technical experience, which led to the accident and caused severe injury to the said employee. The matter is currently pending.
3. An FIR bearing number bearing number 319 of 2018 and a criminal complaint bearing number CC 259 of 2019 has been filed by Sarojamma (“**Complainant**”) before the Additional Civil Judge (Sr. Division) and the Chief Judicial

Magistrate Court, Kanakapura, Ramanagara District, against our Promoter, Rajendra Gandhi. Pursuant to the FIR the Complainant has alleged that due to the failure of the security measures adopted by our Company in our factory premises, the Complainant's son got hurt due to which his left arm was amputated till elbow. The matter is currently pending.

4. Two criminal complaints bearing CC No. 413/2015 ("**Complaint 1**") and CC No. 209/2015 ("**Complaint 2**") (together, the "**Complaints**") have been filed by the Assistant Commissioner of Central Excise (Legal), Bangalore-III Commissionerate and the Joint Commissioner of Central Excise-Legal, Bengaluru-III Commissionerate, respectively before the Special Court for Economic Offence at Bangalore ("**Special Court**") against our Company and our Promoter, Rajendra Gandhi and a partnership firm, Vardhaman Enterprises, in which our Promoter Rajendra Gandhi is a partner, respectively ("**Accused**"). The complaints have been filed in relation to erstwhile proceedings initiated against our Company and our Promoter, Rajendra Gandhi, for the alleged contravention of the Central Excise Rules, 2002 and CENVAT Credit Rules, 2004 in relation to *inter alia*, clandestine removals and irregular availment of CENVAT credit.

The Special Court took cognizance of Complaint 1 on October 3, 2015 and Complaint 2 on July 14, 2015 and issued summons to the Accused. Pursuant to an application filed by our Company and our Promoter, Rajendra Gandhi, the Special Court passed an order, allowing our Promoter, Rajendra Gandhi to be released on bail on executing a personal bond and directing him to furnish surety to ensure regular appearance in Court. Aggrieved, our Company filed criminal petitions bearing nos. 7845/2015 and 8344/2015 before the High Court of Karnataka ("**HC**"), for quashing the complaints and setting aside the orders dated July 14, 2015 and October 3, 2015. Additionally, our Company also filed stay application bearing I.A. No. 1/2015 for the stay of proceedings before the Special Court. Subsequently the HC passed an order dated December 16, 2015, ordering a stay of further proceedings before the trial court. The matters are currently pending. The Special Court, pursuant to an order dated January 28, 2019 has dismissed Complaint 2, consequently discharging our Company and our Promoter, Rajendra Gandhi from the charges of offence punishable under the provisions of Central Excise Act, 1944.

5. A criminal complaint bearing CC No. 350/2013 ("**Complaint**") has been filed by the State of Karnataka at the instance of Deputy Director of Factories, Bangalore Division-3, Bangalore ("**Complainant**") before the court of the Judicial Magistrate of First Class, Kanakapura ("**JMFC Court**") against our Promoter, Rajendra Gandhi and an ex-employee of our Company. This Complaint has been filed in relation to an accident at our factory premises situated at 81/1 Medamarana Halli, Harohalli Industrial Area, Kanakapura taluk, Ramanagara District, which caused injuries to our ex-employee, Jayarathnamma, who alleged that the accident occurred *inter alia*, because: (i) there was no provision of photo electronic sensors on the Hydraulic Power Press Machine ("**Machine**") being operated by her; (ii) the Machine was not tested by a competent person for safe working periodically once in 12 months; and (iii) the Machine was being operated without providing fixed safety guards on the backside and between the tool and the dye. The Complainant has alleged violation of the Karnataka Factories Rules, 1969 read with the provisions of the Factories Act, 1948. The matter is currently pending.

B. Outstanding actions initiated by regulatory and statutory authorities against our Promoters

1. Our Promoter, Rajendra Gandhi, received a notice dated September 27, 2017 from the Office of the Tehsildar of the Kanakapura Taluk ("**Tehsildar**") in reference to our Promoter, Rajendra Gandhi's purchase of land bearing Sy. No. 81/6 in Ramanagara District, Harohalli through a Sale Deed dated September 17, 2017. The Tehsildar had required Rajendra Gandhi to submit certain documents within a week of the receipt of the notice, failing which it was stated that legal proceedings would be instituted. The documents required, *inter alia*, included, proof of agriculturist, the income certificate obtained from the Tehsildar and income tax certificates of the last five years, in connection with a declaration letter he had earlier submitted as per Section 81A of the Registration Act, when he had registered the land. Subsequently Rajendra Gandhi has replied to the notice on September 20, 2018 with the required documents. No further communication has been received from the Tehsildar.
2. Our Promoter, Rajendra Gandhi received two notices bearing numbers KSPCB/RO-RMN/F NO. 98 & 964/2016-17/116 dated May 13, 2019 ("**May Notice**") and PCB/WMC/2418/HWM/2019-20/3793 dated October 3, 2019 ("**October Notice**") from the Karnataka State Pollution Control Board (Regional Office – Ramanagara) ("**KSPCB**"). Pursuant to the show cause notices the KSPCB has alleged non-compliance by our Company under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 and Hazardous and Other Wastes (Management & Transboundary Movement) Rules, 2016. The KSPCB, during a routine inspection of the Harohalli Industrial Area had discovered that a transporter belonging to our Company had disposed solid waste on a vacant plot of land. Our Company, pursuant to a reply letter dated May 20, 2019, has replied to the May Notice, stated that (i) the transporter had dumped the solid waste unintentionally; and (ii) the officials from the Company visited the dumping site and has cleared the solid waste and has sent the solid waste to Gomti incinco for incineration. Our Company has also stated that it is currently disposing all the hazardous waste from its factory premises to authorised Karnataka State Pollution Control Board incinerator.

Further, our Company, pursuant to a reply letter to the October Notice stated *inter alia* that the Company is not aware of dumping of waste and has removed all unwanted waste and such waste was sent for incineration. The matters are currently pending.

C. *Material outstanding civil litigation by our Promoters*

- II. A company petition bearing number 36/BB/2018 dated November 22, 2017 (“**Petition**”) has been filed by our Promoter, Rajendra Gandhi, and our Company, before the National Company Law Tribunal bench at Bengaluru (“**NCLT**”) against our Associate PAPL and its director, Anraj Bhandari, in relation to, *inter alia*, PAPL not conducting its AGM as mandated under the Companies Act since 2015, and adopting and approving financial statements for the financial year ended March 31, 2015 and March 31, 2016. Pursuant to the Petition filed under Section 97(1), Section 241 and Section 244 of the Companies Act, our Company has represented before the NCLT that as PAPL has not conducted its AGM as mandated under the Companies Act, the same can lead to a violation of the Companies Act, 2013. Pursuant to this Petition, our Company has prayed for (i) appointment of an independent chairman on the board of PAPL; (ii) holding of AGMs for the financial year ended 2014-15, 2015-16 and 2016-2017 and filing of relevant forms with the RoC as required under section 97(1) of the Companies Act, 2013; (iii) directing the RoC to not list the name of our Promoter, Rajendra Gandhi, as a defaulting director until the disposal of the petition; (iv) permission to our Company to purchase shares of Anraj Bhandari and remove him from the board of PAPL; and (v) any other permanent remedy as may be decided by the NCLT. The NCLT directed to issue a notice and to serve a copy of the petition to the Registrar of Companies, Bengaluru (“**RoC**”). On April 17, 2018, Rajendra Gandhi received a notice from the RoC, asking him to show cause as to why PAPL should not be struck off under the provisions of the Companies Act, 2013. In response, a reply dated May 23, 2018, has been sent to the RoC, requesting the RoC to withdraw the notice, until final disposal of the Petition. Subsequently, our Company filed an interim application bearing no. I.A. 71/2018 before the NCLT praying to direct the RoC to not to disqualify Rajendra Gandhi from acting as a director in other companies, pending disposal of the main Petition. In I.A. 71/2018, the NCLT has passed an order dated May 30, 2018, impleading the RoC, Karnataka as a respondent. Further, the NCLT has issued an order on July 18, 2018 directed the RoC to maintain the status quo and not to disqualify Rajendra Gandhi as a director until the disposal of the Petition. Our Company has also filed a memo dated December 11, 2019 before the NCLT and the NCLT pursuant to an order dated December 11, 2019, has appointed an independent chairman on the Board of PAPL and the first meeting of the independent chairman and the meeting of the board of directors of PAPL was held on January 13, 2020. Pursuant to the meeting, the independent chairman examined the latest financial statements of PAPL, recommended the appointment of a statutory auditors to audit the financial statements pertaining to financial year 2014-15 to 2018-19, discussed the appointment of valuer, etc. The matter is currently pending.

III. **Litigation involving our Company**

A. *Outstanding criminal litigation against our Company*

1. For details in relation to CC No. 35390/ 2006 against, amongst others, our Company, see “- *Litigation involving our Promoter - Outstanding criminal litigation against our Promoters*” on page 244
2. For details in relation to CC No. 413/2015 against, amongst others, our Company, see “-*Litigation involving our Promoters - Outstanding criminal litigation against our Promoters*” on page 245

B. *Material outstanding civil litigation against our Company*

1. Our Associate Company PAPL, has filed a suit bearing number O.S. 5217/2017 in the court of the Additional City Civil Judge, Bengaluru (“**ACCJ**”) in relation to alleged outstanding dues amounting to ₹8.09 million with an interest of 18% p.a. to be paid by our Company to PAPL for mixer grinders manufactured and supplied to our Company from time to time on credit basis. Our Company has filed written statements in response to the suit, claiming that the suit is not maintainable and is liable to be dismissed due to suppression of facts. The matter is currently pending.

C. *Outstanding actions initiated by regulatory and statutory authorities*

1. Our Company submitted an accident report dated November 19, 2011 to the Deputy Director, Division-4, Department of Factories and Boilers Industrial Safety and Health, Bangalore (“**Deputy Director**”) in relation to an accident at our factory unit situated at 81/1 Medamarana Halli, Harohalli Industrial Area, Kanakapura taluk, Ramanagara District, which led to injuries to our worker, Lakshamma (“**Complainant**”). The Deputy Director in the accident investigation report dated December 23, 2011 (“**Notice 1**”) observed that certain provisions of the Factories Act, 1948 and the Karnataka Factories Rules, 1969 had been breached by our Company. Our Company replied to Notice 1 on January 4, 2012 and stated *inter alia* that the Company has not violated any provision of the Factories Act, 1948 and Karnataka Factories Rules, 1969 and sought to drop all the proceedings. Further, the Complainant filed an application before the Commission for Schedule Caste and Schedule Tribe at Bengaluru (“**SC/ST Commission**”) claiming an amount of ₹3 million. Our Promoter, Rajendra Gandhi, was issued summons by the SC/ST Commission in case no. 43/2018 to be present on February 16, 2018. The matter is currently pending.
2. A showcause notice dated October 20, 2016 was received by our Company from the Kanakapura Planning Authority (“**KPA**”) in respect of the land admeasuring, in aggregate, 6 acres, 37 guntas, in survey numbers 81/2, 81/3, 81/4, and 81/1, Medamaranahalli, Harohalli Hobli, Kanakapura Taluk (“**Property**”), alleging that the building was an illegal construction due to non-obtaining of requisite approvals from the KPA for carrying on industrial developmental programmes on the land. The show-cause notice called upon our Company to submit relevant documents within 7

days. Our Company vide letter dated November 4, 2016, clarified that the industry was being carried on after obtaining necessary approvals, permissions and licenses from concerned statutory authorities since 2008, including the appropriate conversion orders, and that property taxes were being paid regularly. Our Company requested one month to trace certain documents, and to furnish them to the KPA, in compliance with the notice dated October 20, 2016.

A further notice dated December 16, 2016 was received by our Company from the KPA stating that since the extension of time, up to December 4, 2016, had passed and no documents had been received by KPA, the industry should be stopped immediately and our Company was given 7 days from receipt of the notice to show cause as to why action should not be taken by the authority to bring the land to its original state. Our Company responded vide a letter dated December 27, 2016, provided, *inter alia*, the relevant conversion orders, plan approval from the village panchayat, licenses and no objection certificates from various statutory authorities, general licenses from the village panchayat and single window clearance obtained from the managing director, KUM and member secretary, state level single window clearance committee. Further, our Company also undertook to file applications in the due course, along with the 'as-built plan' for regularization under the Akrama-Sakrama Scheme (framed under Section 76FF of the Karnataka Town and Country Planning Act, 1961), once the same is implemented. Subsequently we received a notice dated January 25, 2017 and our Company replied vide letter dated February 4, 2017 pleading for no orders to be issued against our Company under the Karnataka Town and Country Planning Act, 1961 and to not issue any direction for demolition or removal of industry and/or industrial building in the Property. Thereafter, no further notices have been received from the KPA.

3. A notice dated May 17, 2018 was received by our Company from the Regional PF Commissioner-I ("**PF Commissioner**"), allegedly in relation to non-payment of employee provident fund ("**EPF**") contribution on applicable components of basic wages such as *inter alia*, conveyance allowance and special allowances totalling to ₹28.30 million for the period from September 2014 to December 2017 and for non-enrolment of certain eligible employees as required for under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**"). Our Company filed a reply dated August 30, 2018 with the PF Commissioner stating that the Company has already paid EPF contribution on the basic wages and dearness allowance and allowances such as, *inter alia*, conveyance allowance and special allowance are outside the scope of definition of basic wages as provided for in the EPF Act, and requested to drop the enquiry proceedings. The matter is currently pending.
4. The Employees' Provident Fund Organisation, Karnataka ("**EPFO**") has sent a notice dated December 23, 2019, issued on December 26, 2019 ("**Notice**") to our Company, alleging a delay in the payment of employee provident fund contributions by our Company for the period between January 19, 2017 to December 23, 2019. The Notice alleges that there was a delay in the remittance of contributions by our Company in terms of the Employees Provident Fund Scheme 1952, Employees' Pension Scheme, 1995 and Employees Deposit Linked Insurance Scheme, 1976. Pursuant to the Notice, the EPFO has directed our Company to pay an aggregate amount of ₹3.54 million by way of penalty for the delay in remittance and the amount of interest on the belated payments. The matter is currently pending.
5. A notice dated November 10, 2009 was received by our Company from Regional Provident Fund Commissioner-II the ("**RPFC-II**") allegedly in relation to default in payment of provident fund and non-enrolment of employees for the period November 2007 to August 2011. Pursuant to an order dated June 16, 2014, the RPFC-II ordered the Company to pay an amount of ₹9.38 million towards payment of unpaid provident fund dues. Additionally, pursuant to an order dated September 3, 2014, the RPFC-II directed State Bank of India ("**SBI**"), with whom our Company has a bank account, to pay the amount of ₹9.38 million due on behalf of our Company and also attach the bank account of the Company maintained with the SBI. A writ petition bearing number 45239/2014 dated September 17, 2014 was filed in the High Court of Karnataka ("**High Court**") by our Company praying for a stay on the order passed by the RPFC-II. The High Court, pursuant to an order dated September 17, 2014, granted an interim stay on the order of the RPFC-II attaching our Company's bank account. Subsequently, our Company also filed a petition before the EPF Appellate Tribunal ("**EPFAT**") praying to set aside the order dated June 16, 2014 passed by the RPFC-II on September 3, 2014. On September 17, 2014, the EPFAT, New Delhi passed an order directing the Company to deposit 30% of the amount allegedly unpaid towards payment of provident fund. Subsequently, this case has been transferred to the Central Government Industrial Tribunal. The matter is currently pending hearing at the Central Government Industrial Tribunal.
6. Two show cause notices dated September 6, 2019 ("**SCNs**") were received by our Company from the Additional Director General of Foreign Trade, Bengaluru under the Ministry of Commerce and Industry, Government of India ("**DGFT**"). Our Company had obtained an export promotion capital goods authorisation bearing number 0730009025 and 0730009026 dated June 15, 2010 ("**Licenses**"). One of the conditions under these Licenses and the Handbook of Procedures (2004-09) was that the Company shall export certain manufactured items by use of imported capital goods within six years from the date of issue of the Licenses. Further, our Company was also required to furnish installation certificate issued by the central excise authority or by independent chartered engineer, confirming the installation and use of capital goods within six months from the date of completion of the imports and submit a progress report of export made towards fulfilment of export obligations within 3 months on completion of a particular year/block year. Our Company failed to furnish the required documents under the stipulated time period. Pursuant to the SCNs, the DGFT required us to explain the reasons as why the name of the Company should not be placed under the denied entity list refusing issuance of further license and renewal of old license in terms of Rule 7 of the Foreign Trade

(Regulation) Rules, 1993 read with Section 9 of the Foreign Trade (Development and Regulation) Act, 1992. The matters are currently pending.

7. Two notices dated November 14, 2018 were received by our Company from the Department of Labour, Government of Karnataka ("**Labour Department**") highlighting certain deficiencies and non-compliances under the provisions of Contract Worker (Prohibition and Regulation) Act, 1970 and Karnataka Covenant, 1974; Minimum Wages Act, 1948 and Rules; Equal Wages Act, 1948 and Rules; Bonus Disbursement Act, 1965 and Rules; Equal Wages Act, 1976 and Rules; Karnataka Labour Welfare Fund Act, 1965; Karnataka Industrial Establishments (National and festival holidays) Act, 1963 and Karnataka Rules, 1964 ("**Acts**"). The deficiencies and non-compliances under these Acts included *inter alia* non submission of Form XII and the contract labour register, Form XXV for the year 2017-18, non-submission of overtime registers etc. Pursuant to letters dated December 6, 2018, our Company has responded to the Labour Department stating reasons against such non compliances. The matters are currently pending.
8. A notice dated March 28, 2019 was received by our Company ("**Fire Notice**") from the Karnataka Fire and Emergency Services, Ramanagara District ("**Fire Department**"), alleging certain deficiencies such as not installing equipment other than small fire extinguishers and not following the advice given by the Fire Department even after getting a safety recommendation certificate. The Fire Department has advised to install the fire safety equipment given in the safety recommendation certificate within seven days of receipt of the Fire Notice, failing which the District Officer, Ramanagara shall be taking legal action against our Company. Our Company, pursuant to a letter dated April 8, 2019 has stated that the Company is in the process of installing the firefighting equipment, viz., fire hydrant, fire buckets, sprinkler system and fire detection system and has requested for an extension of time line to comply with the requirements of the Fire Notice.
9. Two show cause notices dated December 4, 2018 was received by our Company ("**Labour Notices**") from the Deputy Director of Factories, (Division 4) Bengaluru highlighting certain deficiencies in our factories' Unit 1 and Unit 2, which included, *inter alia*, non-availability of the trained personnel on first aid and not producing the certificate required under Section 45(3) of the Factories Act, 1948, not providing suitable arrangements to the factory workers for sitting, who were working in a standing position, contravening the provision of Section 44(1) of the Factories Act, 1948 read with Rule 92 of the Karnataka Factories Rules, 1969; non availability of Creche room, as required under Section 48(1) of the Factories Act, 1948; non availability of suitable firefighting equipment for fighting fires as required under Rule 71(10)(a) of the Karnataka Factories Rules, 1969, non-availability of canteen in the factory contravening provisions of Section 46(1) of the Factories Act, 1948 etc. Our Company has, pursuant to replies to the Labour Notices dated January 5, 2019, has *inter alia* stated that, the Company had operated a Creche room for women employees and since none of the women employees used the Creche room, the Company had to subsequently dismantle the crèche room; the Company has centralized canteen for both Unit 1 and Unit 2; the Company has a first aid trained personnel and the first aid boxes have been placed in the factory premises with easy access; since the nature of the work in the factory involved working in an assembly line, hence the scope of sitting and working is not a possibility, etc. The matters are currently pending.
10. Two show cause notices dated February 22, 2019 was received by our Company ("**Water Notices**") from the Karnataka State Pollution Control Board ("**KSPCB**"). Pursuant to these Water Notices, the KSPCB has sought information from our Company in relation to the consumption of ground water at our factories. Our Company has pursuant to the letters dated March 1, 2019 has replied to the Water Notices, stating the actual quantity of water used for domestic, process/cooling/boilers, entertainment and other purposes at our factory premises. The matters are currently pending.

D. Material outstanding civil litigation by our Company

1. An original suit bearing number O.S. 2997/2015 ("**Petition**") dated March 30, 2015 has been filed by our Company before the Additional City Civil Judge, at Bengaluru ("**Court**") against our Associate, PAPL ("**Defendant**"), in relation to infringement of our 'PIGEON' trademark. Our Company has alleged that such infringement was a result of unauthorised sale and manufacture of kitchen electrical and non-electrical appliances and utensils under the trademark 'PIGEON' by the Defendant. Our Company further alleged that, during 2003, our Company, had permitted the Defendant to use our 'PIGEON' trademark in relation to certain products manufactured by it. Subsequently in 2015, our Company and our Promoter, Rajendra Gandhi, who is currently a director on the board of directors of PAPL, had requested the Defendant to stop using our trademark for the manufacture of its products. Upon becoming aware of the unauthorised sale and manufacture of kitchen electrical and non-electrical appliances and utensils under our mark, our Company has filed this Petition. The Defendant, by way of objections, alleged that, *inter alia*, the said trademark is a generic name and the use of same was known to our Company. Subsequently, the Court vide its order dated April 17, 2015 granted an ex parte ad-interim injunction in favour of our Company, restraining the Defendants from, *inter alia*, infringing and passing off our 'PIGEON' trademark, in relation to the manufacture and sale of kitchen electrical and non-electrical appliances bearing our 'PIGEON' trademark, and also ordered the court commissioner to seize the products being our trademark 'PIGEON' from the premises of the Defendants. Subsequently, the Court, pursuant to an order dated August 18, 2015, granted temporary injunction and restrained the defendant from infringing and passing off the trademark 'PIGEON' in relation to selling and manufacturing household electrical and non-electrical kitchen appliances, utensils, spare parts, components and accessories under the brand name 'PIGEON' pending disposal of the petition. This matter is currently pending.

2. For details in relation to company petition 36/BB/2018 filed by our Company, amongst others, see “*Litigation involving our Promoters - Outstanding civil litigation by our Promoters*” on page 246.
3. A writ appeal bearing number 1621 of 2019 (L-MW) has been filed by our Company before the High Court of Karnataka at Bangalore, against The Secretary, Labour Department, Government of Karnataka (“**Secretary, Labour Department**”) and four others. Our Company had previously filed a writ petition bearing number 39477-39480/2018, before the High Court of Karnataka at Bengaluru (“**High Court**”) challenging the legality and correctness of the minimum wages notification dated December 30, 2017 issued by the Secretary, Labour Department, fixing minimum wages for the brass, copper, aluminium and steel utensils manufacturing industries. However, the High Court passed an order dated March 29, 2019 in writ petition 39477-39480/2018, dismissing the writ petition and upholding the minimum wages notification. Aggrieved, our Company has filed this writ appeal before the High Court. Pursuant to this writ appeal, our Company has prayed before the High Court to (i) set aside the portion of the order dated March 29, 2019 passed by the single judge bench of the High Court in writ petition 39477-39480/2018; and (ii) set aside the notification bearing number KAA E 26 LMW 2017 passed by the Secretary, Labour Department. The matter is currently pending.

IV. **Litigation involving our Directors**

A. *Outstanding Criminal litigation against our Directors*

1. For details in relation to CC No. 35390/ 2006 against, amongst others, our Director, Rajendra Gandhi, see “*Litigation involving our Promoters- Outstanding criminal litigation against our Promoters*” on page 244.
2. For details in relation to CC No. 413/2015, against, amongst others, our Director, Rajendra Gandhi see “*-Litigation involving our Promoters - Outstanding criminal litigation against our Promoters*” on page 244.
3. For details in relation to FIR 305 of 2018 against, our Director, Rajendra Gandhi, see “*Litigation involving our Promoters- Outstanding criminal litigation against our Promoters*” on page 244.
4. For details in relation to CC No. 350/2013 against, amongst others, our Director, Rajendra Gandhi see “*-Litigation involving our Promoters - Outstanding criminal litigation against our Promoters*” on page 244.
5. For details in relation to FIR 319 of 2018 against amongst others, our Director, Rajendra Gandhi see “*-Litigation involving our Promoters - Outstanding criminal litigation against our Promoters*” on page 244.

B. *Outstanding actions initiated by regulatory and statutory authorities against our Directors*

1. For details in relation to notice dated September 27, 2017 from the Office of the Tehsildar of the Kanakapura Taluk by our Director Rajendra Gandhi see “*Litigation involving our Promoters- Outstanding actions initiated by regulatory and statutory authorities against our Promoters*” on page 245.
2. For details in relation to notice bearing number KSPCB/RO-RMN/F NO. 98 & 964/2016-17/116 dated May 13, 2019 and PCB/WMC/2418/HWM/2019-20, 3793 dated October 3, 2019 see “*Litigation involving our Promoters- Outstanding actions initiated by regulatory and statutory authorities against our Promoters*” on page 245.

C. *Material outstanding civil litigation by our Directors*

1. For details in relation to company petition filed by our Director, Rajendra Gandhi, amongst others, see “*Litigation involving our Promoters- Outstanding Civil Litigation by our Promoters*” on page 246.

Tax Proceedings

Our Company is involved in certain direct and indirect tax proceedings, in relation to *inter alia*, allegedly for wrongful availment of input service credit under the provisions of the CENVAT Credit Rules, 2004 and non-payment of applicable central excise duty. Except as disclosed below, there are no outstanding tax proceedings involving our Company, Directors or Promoters.

Nature of case	Number of cases	Amount involved (₹ in million)
Company		
Direct Tax	Nil	Nil
Indirect Tax	11	95.15
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Outstanding dues to Small Scale Undertakings and other Creditors

As of September 30, 2019, our Company owed outstanding dues of ₹1,847.27 million to a total of 832 creditors, out of which, our Company owed outstanding dues of ₹64.91 million to a total of 25 micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

For the purpose of material creditors to be disclosed in this Draft Red Herring Prospectus, our Board has considered and adopted the following policy pursuant to a board resolution dated January 23, 2020:

Outstanding dues to any creditor of the Company which exceed 5% of the trade payables of the Company as at September 30, 2019 being ₹92.36 million, based on the latest Restated Financial Statements, shall be considered material.

As per the above policy, the outstanding amount owed to small scale undertakings and material creditors as on September 30, 2019, by our Company is as follows:

Material Creditors	Number of cases	Amount involved (₹ in million)
Micro, Small and Medium Enterprises*	25	64.91
Material Creditors	1	171.08
Other creditors	806	1,611.29
Total	832	1,847.27

** Entities that are identified as "Micro, Small and Medium Enterprises" under the Restated Financial Statements are considered as micro small and medium enterprises.*

The details pertaining to outstanding dues towards our material creditors are available on the website of our Company at https://www.stovekraft.com/upload/pdf/82267116_List%20of%20Creditors%20300919.pdf. It is clarified that information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information including our Company's website, www.stovekraft.com, would be doing so at their own risk.

Material Developments since the last balance sheet

Except as disclosed in "Management's Discussion And Analysis of Financial Condition and Results of Operations – Significant Developments after September 30, 2019" on page 239, no circumstances have arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any which materially and adversely affect, or are likely to affect, our operations or profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

Defaults in respect of dues payable

Our Company has no outstanding defaults in relation to statutory dues payable or any defaults in payments of loans.

GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government of India, various governmental agencies and other statutory and/or regulatory authorities required for carrying out our present business activities and except as mentioned below, no further material approvals are required for carrying on our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Red Herring Prospectus and in case of licenses and approvals which have expired, we have either made an application for renewal or are in the process of making an application for renewal. For further details in connection with the applicable regulatory and legal framework, within which we operate, see “Regulations and Policies” on page 133.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities.

I. Approvals in relation to the Offer

For details of the approvals and authorization obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures - Authority for the Offer*” on page 254.

II. Incorporation details of our Company

- (i) Certificate of incorporation dated June 28, 1999 issued by the RoC to our Company in the name of Stove Kraft Private Limited.
- (ii) Fresh certificate of incorporation dated August 13, 2018 issued by the RoC to our Company consequent upon conversion to a public company in the name of Stove Kraft Limited.
- (iii) Our Company was allotted a corporate identity number U29301KA1999PLC025387.

III. Material Approvals in relation to our business operations

(i) Approvals in relation to our manufacturing operations:

(a) Employment related laws

We have obtained the relevant registrations under the Factories Act, 1948, Karnataka Shops and Commercial Establishments Act, 1961 except for a sales office situated in Jaipur, Industrial Employment (Standing Orders) Act, 1946, Payment of Gratuity Act, 1972, and the Contract Labour (Regulation and Abolition) Act, 1970. We have also obtained a registration and license to work in a factory taken from the Himachal Pradesh Labour Department in relation to our Baddi facility.

We have also obtained registration under the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952, and have been allotted code number 25633 for our units in Karnataka, and 103039 for the unit in Baddi. We have also obtained registration under the Employees’ State Insurance Act, 1948, and have been allotted code number 53000402900000999 for our units in Karnataka and code number 14001530510000699 for our unit at Baddi.

(b) Environmental regulations

We have obtained relevant consents from the relevant regulatory authorities for establishment and operations of our manufacturing units under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981. We have obtained relevant authorization from the regulatory authority in respect of our manufacturing unit at Baddi under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, and have applied for such authorization in respect of our unit I in Karnataka. Further, we have applied for a renewal fire NOC in respect of our Bengaluru facility which is pending with the Karnataka Fire and Emergency Services.

(c) Other approvals

We have also obtained registrations as electrical installation certificates under the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, certificate of registration under the Legal Metrology (Packaged Commodity) Rules, 2011, as applicable under the relevant central and state legislations. We have also obtained the importer exporter code for our operations.

IV. Material Approvals for our business operations under tax legislations

We are required to register under various national tax laws and state specific tax laws such as the Income Tax Act, 1961, state specific sales tax, goods and services tax, and state professional tax legislations. We have obtained the

necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws, including PAN AADCS9958B, TAN BLRS04606A, GST registration number 29AADCS9958B1ZY for our unit in Bangalore, Karnataka, and GST registration number 02AADCS9958B1ZE for our unit in Baddi, Himachal Pradesh.

V. Intellectual Property Rights

Our Company has obtained the following trademark registrations as on the date of this Draft Red Herring Prospectus:

S.No	Trade mark	Trademark No.	Class	Certificate no.	Date of application	Date of expiry
1.	STOVEKRAFT (Logo)	2230467	21	1120776	November 8, 2011	November 8, 2021
2.	STOVEKRAFT (Logo)	2230461	7	1151769	November 8, 2011	November 8, 2021
3.	STOVEKRAFT	2230468	21	1120709	November 8, 2011	November 8, 2021
4.	STOVEKRAFT	2230464	9	1120968	November 8, 2011	November 8, 2021
5.	STOVEKRAFT	2230462	7	1650052	November 8, 2011	November 8, 2021
6.	STOVEKRAFT (Logo)	2230465	11	1650177	November 8, 2011	November 8, 2021
7.	STOVEKRAFT	2230466	11	1648293	November 8, 2011	November 8, 2021
8.	GILMA	1067551	11	RLC/112191	December 18, 2001	December 18, 2021
9.	GILMA	1067552	21	RLC/112194	December 18, 2001	December 18, 2021
10.	GILMA	2474753	7	1922981	February 8, 2013	February 7, 2023
11.	GILMA	2158656	20	1300251	June 13, 2011	June 13, 2021
12.	GILMA	2554705	6	1198630	June 26, 2013	June 26, 2023
13.	GILMA	2474752	9	2018614	February 8, 2013	February 8, 2023
14.	PIGEON	1198490	21	RLC/170361	May 13, 2003	May 13, 2023
15.	PIGEON	1198491	11	RLC/170360	May 13, 2003	May 13, 2023
16.	PIGEON (Label)	1397584	7	RLC/190608	November 7, 2005	November 7, 2025
17.	PIGEON (Label)	1397585	11	RLC/190610	November 7, 2005	November 7, 2025
18.	PIGEON (Label)	1397586	21	1245655	November 7, 2005	November 7, 2025
19.	PIGEON	2474754	7	1373620	February 8, 2013	February 8, 2023
20.	PIGEON	2554706	9	2096203	June 26, 2013	June 26, 2023
21.	PIGEON (LED)	3449481	11	2278088	January 4, 2017	January 4, 2027
22.	PIGEON (LED)	3449482	35	2217163	January 4, 2017	January 4, 2027
23.	PIGEON (Logo)	2554707	9	2289673	June 26, 2013	June 26, 2023
24.	Master Cuisine	3785511	8	1986037	March 22, 2018	March 22, 2028
25.	Master Cuisine	3785512	11	1986038	March 22, 2018	March 22, 2028
26.	Master Cuisine	3785526	21	1985775	March 22, 2018	March 22, 2028
International Trademarks						
27.	PIGEON (with device)	NA	7	37781	January 4, 2015	January 2, 2022
28.	PIGEON (with device)	NA	9	37782	January 4, 2015	January 2, 2022
29.	PIGEON (Logo)	NA	11	38495	January 8, 2015	January 8, 2022

Our Company has obtained the following design registrations under the Design Rules, 2001:

S.No	Design	Design No.	Class	Certificate no.	Date of issue	Date of expiry
1.	STOVEKRAFT – Pressure Cooker	257872	07-02	38736	June 9, 2015	June 9, 2025

Our Company has applied for the following design registration, which is pending approval as on the date of this Draft Red Herring Prospectus:

S.No.	Design	Application No.	Class	Date of renewal application
1.	Mixer Grinder	254931	07-04	June 27, 2013

Our Company has applied for the following trademark registrations, which are currently pending as on the date of this Draft Red Herring Prospectus:

S.No.	Trade mark	Temporary trade mark no. for pending applications	Class	Date of application
1.	PIGEON	2554708	12	June 26, 2013
2.	PIGEON - Logo	2554709	12	June 26, 2013
3.	MIO – Pigeon - Logo	2777315	21	July 21, 2014
4.	BELLISSIMA and PIGEON - Logo	2777316	21	July 21, 2014
5.	Master Cuisine	3785510	7	March 22, 2018
6.	Master Cuisine	4197897	8	June 5, 2019
7.	Master Cuisine	4197896	7	June 5, 2019
8.	Master Cuisine (Logo)	4197898	11	June 5, 2019
9.	Master Cuisine (Logo)	4197899	21	June 5, 2019
10.	STOVEKRAFT (Logo)	2230463	9	November 8, 2011

S.No.	Trade mark	Temporary trade mark no. for pending applications	Class	Date of application
11.	Wondercast (Logo)	2589246	21	September 2, 2013
12.	Chef's tools	2854693	21	December 3, 2014

The applications for trademarks made by our Company have been objected in the ordinary course of the application process in respect of which our Company has filed the requisite documents, that are currently pending, with the Registrar of Trade Marks.

Further, our Company is required to obtain mandatory certification from Bureau of Indian Standards and Bureau of Energy Efficiency for certain of our products such as electric irons, LED Lamps etc. Some of the BIS certifications applicable to us for which we have obtained certificates are as follows:

S.No.	Products	Certifications	Date of Expiry
1.	Self-Ballasted LED lamps for general lighting services	IS 16102 (Part 1): 2012	April 17, 2020
2.	Fixed general purpose LED Luminaries	IS 10322 (Part 5/Sec 1): 2012	February 19, 2021 for certain models and November 19, 2021 for certain models
3.	AC supplied electronic control gear for LED modules	IS 15885 (Part 2/ Sec 13): 2012	March 6, 2020

Our Company has applied for the renewal of the following BIS certification as on the date of this Draft Red Herring Prospectus:

S.No.	Product	Certification applied for	Date of application
1.	Electric Iron	IS 302 (Part 2: Sec3): 2007	February 21, 2019
2.	Domestic gas stoves used with liquefied petroleum gases	IS 4246:2002	October 18, 2019

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on January 23, 2020 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on January 24, 2020 under Section 62(1)(c) of the Companies Act, 2013.

This Draft Red Herring Prospectus was approved by the Board in its meeting held on January 31, 2020.

For details on the authorisation of each of the Selling Shareholders in relation to the Offer, see “*The Offer*” on page 45.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

For the purpose of the offer, [●] will be the Designated Stock Exchange.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of the Promoter Group, the Selling Shareholders, our Directors and our persons in control of our Company are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court. Each Selling Shareholders in respect of itself confirms that it has not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority in India.

Prohibition by RBI

None of our Company, our Promoters and our Directors have been identified as a Wilful Defaulter.

Our Promoters or Directors have not been declared as fugitive economic offenders.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018.

Our Company, the Promoters, members of the Promoter Group and each of the Selling Shareholders is in compliance with the Company (Significant Beneficial Owner) Rules, 2018, to the extent applicable.

Directors associated with the securities market.

None of our Directors are associated with the securities market in any manner. Further, there are no outstanding actions against our Directors initiated by SEBI in the previous five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot, at least seventy five percent of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to Allot at least 75% of the Offer to QIBs to meet the conditions detailed of Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor the Promoters, members of the Promoter Group, the Directors or the Selling Shareholders are debarred from accessing the capital markets by the SEBI;
- (b) None of the Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI;
- (c) Neither our Company nor the Promoters or Directors is a wilful defaulter;
- (d) None of our Promoters or Directors is a fugitive economic offender;

- (e) Except as disclosed in “*Capital Structure*” on page 58, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

The Selling Shareholders confirm that they are in compliance with Regulation 8 of the SEBI ICDR Regulations.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations, failing which the entire application monies shall be refunded forthwith in terms of applicable laws. In case of delay, if any, in refund/ unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. The Selling Shareholders shall provide all required information, support and cooperation to the Company in this respect.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING EDELWEISS FINANCIAL SERVICES LIMITED AND JM FINANCIAL LIMITED (“BRLMS”), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 31, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY AND ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THIS DRAFT RED HERRING PROSPECTUS FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Draft Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Directors, the Selling Shareholders and BRLMs

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company’s website www.stovekraft.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by the Selling Shareholders in relation to itself and its respective proportion of the Offered Shares.

The Offer for Sale of the Equity Shares in the Offer shall not, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, any of the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, 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.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in a wide range of transactions with, and perform services for, our Company, the Selling Shareholders, their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective directors, officers, agents, group company, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended), including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Bengaluru only.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, 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 laws of any state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States pursuant to Regulation S.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws

Each purchaser of the Equity Shares in the Offer in India shall be deemed to:

- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares was originated.
- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it did not purchase the Equity Shares as result of any “directed selling efforts” (as defined in Regulation S).
- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.
- Represent and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- Represents and warrant to our Company, the Selling Shareholders, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorized in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “it” to include such accounts.
- Agree to indemnify and hold our Company, the Selling Shareholders, the BRLMs and the Syndicate Members harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- Acknowledge that our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai 600 002, Tamil Nadu, India and electronically on the platform provided by SEBI.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for filing with RoC at the office of the Registrar of Companies, Bengaluru situated at “E” Wing, 2nd Floor, Kendriya Sadana, Koramangala, Bengaluru 560 034, Karnataka, India.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Price information of past issues handled by the BRLMs

A. Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss:

S.No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	0.14% [-1.63%]	Not Applicable	Not Applicable
2.	IndiaMART InterMESH Limited	4,755.89	973.00**	July 4, 2019	1180.00	26.36% [-7.95%]	83.82% [-4.91%]	111.64% [2.59%]
3.	Polycab India Limited	13,452.6	538.00^	April 16, 2019	633.00	15.36% [-5.35%]	14.70% [-1.99%]	23.76% [-4.09%]
4.	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	-19.32% [1.76%]	2.42% [3.67%]	38.82% [12.74%]
5.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	35.20% [2.56%]	50.21% [1.90%]
6.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	-44.39% [7.92%]
7.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	-14.68% [7.66%]
8.	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	10.58% [2.07%]
9.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.91% [-1.86%]	-5.20% [4.13%]
10.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.17% [3.37%]	-11.51% [0.75%]	-28.51% [4.93%]

Source: www.nseindia.com

^^^ Amber Enterprises India Limited - employee discount of ₹ 85 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 859 per equity share

^ Polycab India Limited – employee discount of ₹ 53 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 538 per equity share

** IndiaMART InterMESH Limited - A discount of ₹ 97 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 973 per equity share

Notes

1. Based on date of listing.
2. % of change in closing price on 30th/90th/180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/90th/180th calendar day from listing day.
3. Wherever 30th/90th/180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
4. The Nifty 50 index is considered as the benchmark index
5. Not Applicable. – Period not completed
6. Disclosure in Table-1 restricted to 10 issues.

2. Summary price information of past issues handled by Edelweiss:

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Less than 25%
2019-20*	3	23,208.49	-	-	-	-	1	2	-	-	-	1	-	1
2018-19	3	57,206.02	-	1	1	-	-	1	-	1	-	1	1	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	3	3	1	3

The information is as on the date of the document

1. Based on date of listing.
2. Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

* For the financial year 2019-20 – 3 issues have been completed. 2 issue have completed 180 days.

B. JM Financial Limited

1. Price information of past issues handled by JM Financial Limited:

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 th calendar days from listing
1.	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	+0.14% [-1.63%]	NA	NA
2.	Ujjivan Small Finance Bank Limited ⁷	7,459.46	37.00	December 12, 2019	58.75	+41.08% [+2.38%]	NA	NA
3.	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	NA
4.	Metropolis Healthcare Limited	12,042.88	880.00	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39% [-1.18%]	+45.93% [-3.30%]
5.	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	+1.14% [-0.31%]	+24.41% [+3.87%]	+10.77% [-1.87%]
6.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [-7.32%]	+23.78% [-4.33%]
7.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	+5.72% [+6.56%]	+35.20% [+2.56%]	+50.21% [+1.90%]
8.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97% [+1.57%]
9.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96% [+6.26%]	+51.89% [+9.42%]
10.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

1. Opening price information as disclosed on the website of NSE.
2. Change in closing price over the issue/offer price as disclosed on NSE.
3. Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
4. In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
5. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days.
6. Restricted to last 10 issues.
7. A discount of ₹2 per Equity Share was offered to Eligible Ujjivan Financial Services Limited Shareholders bidding in Ujjivan Financial Services Limited Shareholders Reservation Portion

2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ Millions)	Nos. of IPOs trading at discount on as on 30 th calendar days from listing date			Nos. of IPOs trading at premium on as on 30 th calendar days from listing date			Nos. of IPOs trading at discount as on 180 th calendar days from listing date			Nos. of IPOs trading at premium as on 180 th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-2020	4	36,400.83**	-	-	1	-	1	2	-	-	-	-	1	-
2018-2019	4	68,856.80	-	-	1	1	-	2	-	1	-	1	1	1
2017-2018	10	251,600.44	-	-	4	-	3	3	-	1	5	1	1	2

*The information is as on the date of the document

**Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of Rs. 12,009.36 million

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/ MIRSD/ 1/ 2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, as set forth in the table below:

S.No	Name of the BRLM	Website
1.	Edelweiss Financial Services Limited	www.edelweissfin.com
2.	JM Financial Limited	www.jmfl.com

Consents

Consents in writing of: (a) all the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Statutory Auditor, Mishra & Co., Chartered Accountants, legal counsels appointed for the Offer, Bankers to our Company, the BRLMs, F&S, Monitoring Agency, the Registrar to the Offer, in their respective capacities, have been obtained; and (b) the Syndicate Members, the Banker to the Offer/ Escrow Collection Bank/ Refund Bank, Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Expert to the Offer

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

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins & Sells, Chartered Accountants, to include their name in this Draft Red Herring Prospectus as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated January 23, 2020 and the statement of direct tax benefits dated January 30, 2020, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

Our Company has received written consent from Mishra & Co., Chartered Accountants, to include their name in this Draft Red Herring Prospectus as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the statement of indirect tax benefits dated January 30, 2020, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

In relation to our Bengaluru facility, our Company has received written consent from G. Shyam Sunder & Associates dated January 7, 2020, Chartered Engineers to include their names in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act in respect of the certificate dated January 7, 2020 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

In relation to our Baddi facility, our Company has received written consent from Parashar & Co dated January 23, 2020, Chartered Engineers to include their names in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act in respect of the certificate dated January 23, 2020 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than cash or by way of bonus issues

Except as disclosed in this Draft Red Herring Prospectus, our Company has not issued any Equity Shares other than for cash or by way of a bonus issue.

Mechanism for redressal of investor grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years after completion of the Offer or such later period as may be prescribed under Applicable Laws, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, ASBA Form number, the Bidder's, DP ID, Client ID, UPI ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the

amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

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

Our Company has not received investor complaints during the period of three years preceding the date of the Draft Red Herring Prospectus. No investor complaint is pending against the company as on date of this Draft Red Herring Prospectus.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Disposal of investor grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising Lakshmikanth Gupta, Shubha Rao Mayya and Rajendra Gandhi as members. For details, see "*Our Management*" on page 143.

Our Company has also appointed Shashidhar SK, as the Chief Financial Officer, Company Secretary and Compliance Officer of our Company for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Stove Kraft Limited

81/1, Medamarana Halli Village
Harohalli Hobli, Kanakapura Taluk
Ramnagar District 562 112
Karnataka, India
Tel: +91 8028016222
Fax: +91 8028016209
E-mail: cs@stovekraft.com
Website: www.stovekraft.com

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and the other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to 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 Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Offer.

The Offer

The Offer comprises of a Fresh Issue and an Offer for Sale by the Selling Shareholders. All fees and expenses relating to the Offer other than the listing fees (which will be borne by our Company) shall be shared amongst our Company and the Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders in relation to their respective portion of the Offer for Sale may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses, upon successful completion of the Offer, in accordance with applicable law.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the MoA and AoA and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with applicable law. For further details, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 284.

Mode of payment of dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, 2013, the Memorandum and Articles of Association, the SEBI Listing Regulations and other applicable laws. All dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Allottees, in accordance with applicable law. For further details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of the Articles of Association*” on pages 163 and 284, respectively.

Face value, Price Band and Offer Price

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and the Bengaluru edition of Kannada daily newspaper [●], (Kannada being the regional language of Karnataka where our Registered Office is situated) each with wide circulation, at least two Working Days, as per the SEBI ICDR Regulations, prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

The offer will constitute [●]% of post-Offer, paid-up Equity Share capital of the company.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, see “*Description of Equity Shares and Terms of the Articles of Association*” on page 284.

Allotment of Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through this Draft Red Herring Prospectus can be applied for in the dematerialised form only.

The trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated May 9, 2018 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated May 30, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint holders

Subject to our AoA, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/ authorities in Bengaluru.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures), Rules, 2014, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A

buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective Depository Participant.

Minimum subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the Bid/Offer Closing Date, on the date of closure of the Offer or withdrawal of applications, or if the subscription level falls below the threshold under Rule 19(2)(b) of the SCRR mentioned above after the Bid/Offer Closing Date; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum, or as may be prescribed under applicable law. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the Equity Shares in the Offer for Sale.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of SEBI ICDR Regulations.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Arrangements for Disposal of Odd Lots

There are no arrangements required for disposal of odd lots since the Equity Shares will be traded only in dematerialized form and the market lot for the Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, lock-in of the minimum Promoter's Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 58 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. For details, see "*Description of Equity Shares and Terms of the Articles of Association*" on page 284.

OFFER STRUCTURE

Initial public offer of up to [●] Equity Shares for cash at price of ₹[●] (including a premium of ₹[●] per Equity Share) aggregating up to [●] comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 1,450.00 million by our Company and Offer of Sale of up to 7,163,721 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation ⁽²⁾	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than [●] Equity Shares available for allocation or net offer less allocation to QIBs and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	At least 75% of the Offer Size being available for allocation to QIBs. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders shall be available for allocation	Not more than 10% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders shall be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to [●] Equity Shares to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price.	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be allotted on a proportionate basis. For details see GID.
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares thereafter such that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares and in multiples of [●] Equity Shares thereafter such that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits, applicable to each Bidder	Such number of Equity Shares not exceeding the size of the Offer (excluding the QIB portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000

Particulars	QIBs ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Shares		
Trading Lot	One Equity Share		
Who can apply ⁽³⁾ (4)	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds, VCFs, AIFs and FVCIs registered with the SEBI, FPIs (other than individuals, corporate bodies and family offices), public financial institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and systemically important NBFCs	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, and FPIs who are individuals, corporate bodies and family offices.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (only for Retail Individual Bidders) that is specified in the ASBA Form at the time of submission of the ASBA Form ⁽⁴⁾		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

- (1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the applicable SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion. For details, see "Offer Structure" on page 266
- (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR.
- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders
- (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see General Information Document.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to Bid and acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Terms of the Offer" on page 263.

Withdrawal of the Offer

Our Company and the Selling Shareholders severally and not jointly, in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue, and each Investor Selling Shareholder, severally and not jointly, reserves the right

not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall instruct the SCSBs and the Sponsor Bank, as applicable, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such instruction and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and/or the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Offer Programme

BID/ OFFER OPENS ON	[●]⁽¹⁾
BID/ OFFER CLOSES ON	[●]⁽²⁾
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS	[●]

- (1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations
- (2) Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

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

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds in ASBA Accounts	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable is indicative other than the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI (and the Selling Shareholders shall extend reasonable cooperation with respect to its Offered Shares), the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m. Indian Standard Time (“IST”)** during the Bid/ Offer Period (except the Bid/ Offer Closing Date) at the Bidding Centres and the Designated Branches mentioned on the Bid cum Application Form.

On the Bid/ Offer Closing Date, the Bids and any revision in the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. IST and shall be uploaded until (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system of the Stock Exchanges or in respect of which the full Bid Amount is not blocked by the SCSBs in the relevant ASBA Account would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only on Working Days. None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges 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-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask for rectified data.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of such revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Offer Period not exceeding 10 Working Days. In case of force majeure, banking strike or similar circumstance, we may extend the Bidding Period for a minimum period of three working days, not exceeding 10 working days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice and also by indicating the change on the websites of the BRLMs and the terminals of the other Syndicate Members and intimated to the Designated Intermediaries and Sponsor Bank. However, in case of Revision of price Band, the Bid lot shall remain the same.

OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular CIR/CFD/DIL/12/2013 dated October 23, 2013 notified by SEBI and updated pursuant to the circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the circular CIR/CFD/DIL/1/2016 dated January 1, 2016, the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, the circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and the circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 (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 Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) electronic registration of Bids; 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 RIBs 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 RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking off 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”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI. The Offer 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.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein at least 75% of the Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on

a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money shall be refunded forthwith. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any portion except in the QIB Portion, would be allowed to be met with spill-over from any other portion or combination of portions, at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange and subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms that do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID as applicable, and PAN and UPI ID (for RIBs using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of UPI Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated November 8, 2019, this phase has been extended to March 31, 2020.

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 BRLMs.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the relevant Bidding Centres and our Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders must provide bank account details or the UPI ID, as applicable, in the relevant space provided in the ASBA Form and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are submitted on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders (except RIBs) must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and ASBA Forms that do not contain such details are liable to be rejected. Further, ASBA Bidders other than RIBs bidding using the UPI Mechanism, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians (including relevant QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis)	[●]
Non-Residents including Eligible NRIs applying on a repatriation basis, FPI, FVCIs, registered multilateral and bilateral development financial institutions	[●]
Anchor Investors	[●]

* Other than electronic Bid cum Application Form

In case of ASBA forms, the relevant Designated Intermediaries shall capture and upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges.

For RIBs 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 RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Offer Closing Date (“**Cut-Off Time**”) or any other time prescribed under applicable law. Accordingly, RIBs Bidding through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

For ASBA Forms (other than RIBs 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.

Participation by Promoters, Promoter Group, BRLMs, associates and affiliates of the BRLMs, the Syndicate Members, persons related to Promoter and Promoter Group

The BRLMs and the Syndicate Member(s) shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member(s) may subscribe to or purchase Equity Shares in the Offer, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Member(s), shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs (other than individuals, corporate bodies and family offices), sponsored by the entities which are associates of the BRLMs nor; (ii) any “person related to the Promoter and members of the Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoter and members of the Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoter and members of the Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there

is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs. The members of the Promoter Group will not participate in the Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by HUFs

Bids by Hindu Undivided Families (or HUFs) should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows:

“Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”.

Bids/Applications by HUFs will be considered at par with Bids from individuals.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of the Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSBs to block their Non-Resident External (“NRE”) accounts or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSBs to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid Amount or if using the UPI mechanism, they should approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Participation by NRIs shall be subject to FEMA Regulations.

For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 283 of this Draft Red Herring Prospectus.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entries having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital on a fully diluted basis. Further, in terms of applicable FEMA regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company (on a fully diluted basis) and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company (on a fully diluted basis).

The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The existing individual and aggregate investment limits for FPI in our Company is 10% and 49% of the total paid-up Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- (a) offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations, including the conditions prescribed for FPIs to deal in overseas direct instruments; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for non-residents.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter-alia*, the investment restrictions applicable to the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF registered with the SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to public offerings.

Category I and category II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I AIFs, category 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 of a draft offer document with SEBI.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and commission.

Our Company, the Selling Shareholders and the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, dated May 26, 2016, as amended, individually shall not exceed 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, 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. A banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the "**IRDA Investment Regulations**"), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer, and the amount calculated under (a), (b) and (c) below, as the case may be.

- (a) *Limit for the investee company:* The lower of: (i) 10%* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 10% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer), as the case may be;
- (b) *Limit for the entire group of the investee company:* Not more than: (i) 15% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer); or (ii) 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) *Limit for the industry sector to which the investee company belongs:* Not more than: (i) 15% of the such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including a re-insurer or a health insurer); or (ii) 15% of the investment asset, whichever is lower.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds with minimum corpus of ₹250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, Government of India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million (subject to applicable laws), Systemically Important NBFCs (as defined under RBI regulations) a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form, as the case may be. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Bid, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Offer shall comply with all applicable legislations, regulations, directions, guidelines and circulars issued by RBI from time to time.

Bids by Anchor Investors

In accordance with the applicable SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below:

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs;
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million;
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds;
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day;
- (v) Our Company and Selling Shareholders, in consultation with the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
 - a. maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
 - b. minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and

- c. in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid;
- (viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price;
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment;
- (x) Neither the (i) BRLMs (s) or any associate of the BRLMs (other than mutual funds sponsored by entities which are associate of the BRLMs or insurance companies promoted by entities which are associate of the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the BRLMs or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the BRLMs) nor (ii) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category. For further details, please see “-Participation by Promoters, Promoter Group, BRLMs, associates and affiliates of the BRLMs, the Syndicate Members, persons related to Promoter, Promoter Group” on page 272;

Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids;

For more information, see the General Information Document.

Electronic Registration of Bid

For information, please see the General Information Document.

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the BRLMs and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their bids to the relevant Designated Intermediaries through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (as applicable) are correct and the Bidder's depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;
6. If you are an ASBA Bidder, the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number or the bank account linked UPI ID (with maximum length of 45 characters including the handle) as applicable, in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
9. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you use only your own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer;
11. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
12. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB or UPI linked bank account, before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
13. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
14. Except for (i) Bids on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular dated June 30, 2008 of SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms circular dated July 20, 2006 of the SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
15. Ensure that the Demographic Details are updated, true and correct in all respects;
16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
17. Ensure that the category and the investor status is indicated;
18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are submitted;
19. Ensure that Bids submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws;
20. Bidders should note that in case the DP ID, Client ID, UPI ID (if applicable) and PAN mentioned in their Bid cum Application Form and entered into the online bidders system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database;
21. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via electronic mode, for

blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the mandate raised by the Sponsor Bank for blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment;

22. Ensure that while Bidding through a Designated Intermediary, except RIBs using the UPI Mechanism, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);
23. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and this Draft Red Herring Prospectus;
24. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, to whom the original bid was submitted, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
25. RIBs bidding using the UPI mechanism, shall ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;
26. RIIs bidding using the UPI mechanism, shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI; and
27. RIIs bidding using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions or any other condition as specified in this Draft Red Herring Prospectus, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price (including any revisions thereof);
3. Do not pay the Bid Amount in cheques, demand drafts, by cash, money order, by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. If you are a QIB or Non-Institutional Bidder, do not Bid at Cut-off Price;
6. Do not withdraw or lower the size of your Bid (in terms of number of Equity Shares Bid for, or Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
7. Do not instruct your respective SCSBs to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
10. Do not submit Bid for an amount more than funds available in your ASBA Account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
14. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs bidding through the Designated Intermediaries using the UPI Mechanism;
15. If you are a RIB using the UPI Mechanism, do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs using UPI;
16. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidder using the UPI Mechanism;
17. Anchor Investors should not bid through the ASBA process;
18. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
19. Do not submit ASBA Form to any Designated Intermediary that is not authorised to collect the relevant ASBA Form or to our Company
20. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
21. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;
22. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
23. Do not submit the GIR number instead of the PAN;
24. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
25. Do not submit a Bid using the UPI, if you are not a RIB;
26. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
27. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centers; and
28. If you are a RIB which is submitting the ASBA Forms with any of the Designated Intermediaries, do not use any third party bank account or third party linked bank account UPI ID; and
29. RIBs bidding using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions or any other condition as mentioned in this Draft Red Herring Prospectus, as applicable, are not complied with.

Payment into Escrow Account for Anchor Investors

Our Company and the Selling Shareholders, in consultation with the BRLMs will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT). For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections from Anchor Investors

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots. The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum Allotment being equal to the minimum application size as determined and disclosed. The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis subject to applicable law.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company shall, after filing this Draft Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], all editions of [●] and Bengalaru edition of [●] (which are English, Hindi and Kannada daily newspapers, (Kannada being the regional language of Karnataka where our Registered Office is located), each with wide circulation. Our Company shall, in the pre-Offer advertisement state the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Draft Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Depository Arrangement

For information, please see "*Terms of the Offer*" on page 263.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days from the Bid/ Offer Closing Date, or any other timelines prescribed;
- the funds required for making refunds (to the extent applicable)/ unblocking to unsuccessful Bidders as per the modes disclosed, shall be made available to the Registrar to the Offer by our Company;

- that where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidders within six Working Days Bid/ Offer Closing Date giving details of the bank where the refunds shall be credited along with the amount and the expected date of electronic credit of refund;
- promoter's contribution, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees;
- except for allotment of Equity Shares pursuant to exercise of options under the ESOP Scheme, the reclassification of the Class A Equity Shares and the conversion of the CCD no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms by Bidders.

Undertakings by each of the Selling Shareholders

Each Selling Shareholder, severally, with respect to itself only (and not in respect of any other person), undertakes that:

- the Equity Shares being offered by it under the Offer for Sale have been held by it for a minimum period as specified in Regulation 8 of the SEBI ICDR Regulations;
- it shall not have any recourse to the proceeds from the Offer for Sale until final listing and trading approvals have been received by the Company from the Stock Exchanges;
- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations;
- it shall provide all reasonable assistance to our Company, as may be reasonably required and necessary in accordance with Applicable Law, for completion of the necessary formalities in relation to the Equity Shares being offered by it pursuant to the Offer;
- it shall, severally and not jointly, reimburse our Company for expenses incurred, on behalf of such Selling Shareholder, in relation to their respective portion of the Offered Shares pursuant to the Offer in the manner agreed to amongst the Selling Shareholders and our Company, upon successful completion of the Offer and in accordance with applicable laws; and
- in relation to itself as a Selling Shareholder and the Equity Shares being offered by it under the Offer for Sale, it shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

Utilisation of Offer Proceeds

The Selling Shareholders along with our Company, severally and not jointly, declare that:

- all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013;
- details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The responsibility of granting approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries / departments.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the consolidated policy on foreign direct investment by way of circular no D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, which with effect from August 28, 2017 (“**FDI Policy**”), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Long term investors like sovereign wealth funds, multilateral agencies, endowment funds, insurance funds, pension funds and foreign central banks may purchase securities subject to such terms and conditions as may be specified by the Reserve Bank and the Securities and Exchange Board of India.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

In terms of the FDI Policy, 100% foreign direct investment is permitted under the automatic route for manufacturing companies.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context or herwise requires, co-exist with each other. In case of inconsistency between Part A and Part B, the provisions of Part A shall be applicable, except in relation to the provisions of the Investment Agreement dated February 2, 2010 as amended by amendment agreement dated March 18, 2010, Series B Investment Agreement dated September 13, 2013, Amendment Agreement dated September 27, 2018 and Second Amendment Agreement dated January 29, 2020, which have been included in Part B, when provisions of Part B shall be applicable. Part B of the Articles of Association shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, without any further action, including any corporate action, by the Company or by the shareholders.

PART A

The authorized share capital of the Company shall be such as stated under Clause V of the Memorandum of Association. The Company has the power to increase its authorised or issued and paid-up share capital in accordance with the Companies Act, 2013, any other applicable laws and the provisions of the AoA, from time to time. The share capital of the Company may be classified into shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Companies Act, 2013, the rules framed thereunder and any other applicable law.

Alteration of Share Capital

The Company may, by ordinary resolution, from time to time, subject to Section 61 of the Companies Act, alter the conditions of Memorandum of Association as follows:

- a. Increase the share capital by such amount as it thinks expedient;
- b. Consolidate and divide all or any its share capital into shares of larger amount than its existing shares;

Provided that no consolidation and/or division should result in changes in the voting percentage of Shareholders unless it is approved by the Tribunal on an application made in the prescribed manner
- c. Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by Memorandum of Association, so however that, in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- 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 and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this clause shall not be deemed to be a reduction of Share Capital within the meaning of the Companies Act, 2013. ; and
- e. Convert all or any one its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

Allotment of Shares

Subject to the provisions of Section 62 and any other applicable provisions of the Companies Act, 2013 these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same to such persons, on such terms and conditions as the Board may think fit and may issue the shares of the Company, subject to Section 53 of the Companies Act, 2013, either at a premium or at par or at a discount.

Subject to applicable law, the Directors are authorised to issue Equity Shares or Debentures (whether or not convertible into Equity Shares) for offer and allotment to such of the officers, employees and workers of the Company as the Directors may deem fit or the trustees of such trust as may be set up for the benefit of the officers, employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the stock exchanges and SEBI, the Directors may impose the condition that the Equity Shares or Debentures of the Company so allotted shall not be transferable for a specified period.

Forfeiture and Lien

The Company shall have a first and paramount lien upon all the shares / debentures (whether fully paid up or not) for all money (whether presently payable or not), or payable at a fixed time in respect of the share/ debenture. The Company's lien shall extend to all dividends payable and bonuses declared in respect of the shares and to all interest and premium payable in respect of the debenture.

If a member fails to pay any call, or instalment on any part or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any extension thereof, the Board may at any time thereafter, during such time as the call or instalment remain unpaid or a judgment or decree in respect thereof remain unsatisfied, serve notice on such shareholder or his legal representatives requiring him to pay the same together with any interest that may have accrued and expenses that may have been incurred by the Company by reasons of such non-payment.

Power to issue new certificate

Upon any sale, re-allotment or other disposal, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person entitled thereto.

The Board may, at any time, before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Transfer of Shares

A common form of transfer shall be used in case of transfer of shares. In accordance with Section 56 of the Companies Act, 2013 and the rules prescribed thereunder and such other conditions as may be prescribed under law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Further, subject to the provisions of Sections 58 and 59 of the Companies Act, 2013, the Articles and other applicable provisions of the Companies Act, 2013 or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the Person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Transmission of shares

The executors or administrators or holder of a succession certificate or the legal representatives of a deceased shareholder (not being one of two or more joint holders) shall be the only shareholder recognised by the Company as having any title to the shares registered in the name of such shareholder and, and the Company shall not be bound to recognize such executors or administrators or holders of succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India. The Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased shareholder, as a shareholder.

Certificate

A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be prima facie evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of Depository shall be the prima facie evidence of the interest of the beneficial owner.

Particulars of every certificate issued shall be entered in the register maintained in the form set out in the Companies Act. Upon receipt of certificate of Securities on surrender by a Person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate, within a period of 30 days from the

receipt of such lodgement. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer..

Borrowing Powers

Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

- (i) accept or renew deposits from Shareholders;
- (ii) borrow money by way of issuance of Debentures;
- (iii) borrow money otherwise than on Debentures;
- (iv) accept deposits from Shareholders either in advance of calls or otherwise; and
- (v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company..

Issue of Bonus Shares

Bonus shares may be issued out of the share premium account as per section 52 of the Companies Act, 2013 and capital redemption reserve to the shareholders of the Company, subject to provisions of the Companies Act, 2013.

General Meetings

In accordance with the provisions of the Companies Act, 2013 the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of two Annual General Meetings. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

Meetings of Directors

The Board shall hold regular meetings at the registered office of the Company at least once in every 3 (three) months, and at least 4 (four) such meetings shall be held in every calendar year. Notice in writing of every meeting to the Directors shall ordinarily be given by a Director at least 10 (ten) Business Days prior to the meeting together with the agenda, and the relevant documents for the same, unless all Directors agree to meet at a shorter notice.

The quorum for any meeting of the Board shall be the presence, in person, of such number of Directors as required under the Act, subject to the presence of the Sequoia Director (unless waived in writing by Sequoia) and at least one Promoter Director (unless waived in writing by either of the Promoters).

Subject to the provisions of the Companies Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in the general meeting but subject nevertheless to provisions of any law and of these presents, from time to time, made by the Company in general meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Managing Directors

All appointments, remuneration and other terms of appointment of whole time Directors or managing directors shall be subject to the written consent of Investors in accordance with Articles 83 to 87 (including both Articles) (Reserved Matters) and applicable law.

Appointment of Directors

- (a) Subject to the applicable provisions of the Companies Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies Act and the provisions of the SEBI Listing Regulations. The Board shall have an optimum combination of executive and non-executive Directors including Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

- (b) On and from the date on which the Equity Shares are listed on the stock exchange, pursuant to the initial public offering of Equity Shares, and subject to shareholders' approval in the first EGM held post listing of the Equity Shares pursuant to such initial public offering, for so long as Sequoia holds 5% or more of the paid up equity share capital of the Company on a fully diluted basis, Sequoia shall have the right to nominate one director on the Board of the Company.

Extra-ordinary general meeting

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The General Meetings shall be held in accordance with the Secretarial Standards as made applicable and governed by the Companies Act, 2013 and the AoA. The Board may, whenever they think fit, call an extra ordinary general meeting and it shall do so upon a requisition received from such number of shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as on that date carries the right of voting.

Votes of Members

No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

On a poll, the voting rights of holder of equity shares shall be in proportion to his share in the paid-up equity share capital of the Company. A member may exercise his vote at a meeting by electronic means in accordance with the Companies Act and shall vote only once.

A body corporate, whether or not a Company within the meaning of the Companies Act, 2013 being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Companies Act, 2013 and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.

A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to meeting of the Company.

No member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.

Dividend

Subject to Section 123 of the Companies Act, 2013, the Company in a general meeting may declare the dividend to be paid to the shareholders according to their rights and interest in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.

Dividend shall be declared or paid any out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Companies Act, 2013 or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation.

The Board may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Unpaid or Unclaimed Dividend

Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with the provisions of the applicable law.

Where the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company within 7 (Seven) days from the date of expiry of the said period of 30 (Thirty) days, open a special account in that behalf in any scheduled bank and transfer to the said special account, the total amount of the dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the said special account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years from the date of such transfer, shall be transferred by the Company to the Fund known as "Investor Education and Protection Fund" established under the Companies Act and the Company shall comply with all other requirement as specified in the Companies Act or other applicable laws in respect of such unpaid or unclaimed dividend.

No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and the Company shall comply with the provisions of the applicable laws in respect of such dividend.

Winding Up

Subject to the provisions of applicable law, if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid - up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid- up at the commencement of the winding-up on the shares held by them respectively.

Indemnity

Subject to the provisions of Section 197 of the Companies Act, 2013 every Director, manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out from the funds of the Company all costs, losses and expenses which any Director, manager, Officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, manager, officer or employee in defending any proceedings, whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under Section 463 of the Companies Act, 2013, in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the shareholders over all the claims.

PART B

Part B of the Articles of Association of the Company provide for the rights and obligations of the parties to the Investment Agreement dated February 2, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SGF and SCI (“**Series A Investment Agreement**”) as amended by amendment agreement dated March 18, 2010 entered into between Company, our Promoters, Atul Jindal, Stovekraft India, SGF and SCI; Series B Investment Agreement dated September 13, 2013 between our Company, our Promoters, Stovekraft India, SCI and SCI-GIH (“**Series B Investment Agreement**”); Amendment Agreement dated September 27, 2018 (“**Amendment Agreement**”) and Second Amendment Agreement dated January 29, 2020 (“**Second Amendment Agreement**”) entered into between Company, our Promoters, Stovekraft India and Sequoia. Until commencement of listing and trading of the equity shares of the Company on BSE Limited and/or National Stock Exchange of India Limited, in case of any inconsistency between Part A and Part B of the Articles, the provisions of Part B shall prevail over Part A.

Part B of the Articles of Association shall terminate and shall be deemed to fall away without any further action immediately on the commencement of listing and trading of the equity shares of the Company on BSE Limited and/or National Stock Exchange of India Limited in accordance with applicable laws. If the Equity Shares do not get listed and commence trading on BSE Limited and/or the National Stock Exchange of India Limited by March 31, 2020, or any such extended date as may be mutually agreed between the parties to Series A Investment Agreement and Series B Investment Agreement.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to this Draft Red Herring Prospectus/ Prospectus which will be filed with the RoC. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of this Draft Red Herring Prospectus until the Bid/ Offer Closing Date (except for such documents executed after the Bid/ Offer Closing Date).

A. Material Contracts for the Offer

1. Offer Agreement dated January 31, 2020 between our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated January 29, 2020 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank, the Public Offer Account Bank, the Sponsor Bank and the Refund Bank.
4. Share Escrow Agreement dated [●] between the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated [●] amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders.
6. Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.
7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated June 28, 1999 issued by the RoC to our Company, in the name of Stove Kraft Private Limited.
3. Fresh certificate of incorporation dated August 13, 2018 issued by RoC at the time of conversion from a private limited company into a public limited company.
4. Resolutions of the Board of Directors dated January 23, 2020, authorising the Offer and other related matters.
5. Shareholders' resolution dated January 24, 2020, in relation to this Offer and other related matters.
6. Resolution of the Board of Directors dated January 31, 2020 approving this Draft Red Herring Prospectus.
7. Resolution of the Board of Directors dated [●] approving the Red Herring Prospectus.
8. Resolutions of the board of directors of SCI and SCI-GIH each dated January 10, 2020 authorising the Offer for Sale and consent letters of Rajendra Gandhi and Sunita Rajendra Gandhi each dated January 27, 2020.
9. Copies of the annual reports of our Company for the last three Fiscals.
10. F&S consent letter dated January 16, 2020, along with the industry report titled 'Kitchen Appliances Market in India' dated December 16, 2019.
11. The examination report dated January 31, 2020 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Draft Red Herring Prospectus along with the Restated Financial Statements.
12. Written consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company, Legal Counsel to the BRLMs as to Indian Law, Special International Legal Counsel to the BRLMs, Registrar to

- the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank, Sponsor Bank, Monitoring Agency, Bankers to our Company, Chief Financial Officer, Company Secretary and Compliance Officer as referred to in their specific capacities.
13. Consent letters dated January 7, 2020 and January 23, 2020, received from G Shyam Sunder & Associates and Parashar & Co., Chartered Engineers, respectively, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013. Written consents of the Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants, and from Mishra & Co., Chartered Accountants to include their name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.
 14. Certificate dated January 31, 2020 issued by our Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants certifying the details and outstanding balances of the loans to be repaid from the Net Proceeds.
 15. The statement of special direct tax benefits dated January 30, 2020 from the Statutory Auditor.
 16. The statement of special indirect tax benefits dated January 30, 2020 from Mishra & Co., Chartered Accountants.
 17. Slump Sale Agreement dated March 31, 2016 entered into between our Company and Saya Industries.
 18. Investment Agreement dated February 2, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI, as amended by amendment agreement dated March 18, 2010 entered into between our Company, our Promoters, Atul Jindal, Stovekraft India, SME Growth Fund and SCI.
 19. Partnership deed dated July 01, 2011 for Stovekraft India executed between our Company and our Promoter, Rajendra Gandhi
 20. Series B Investment Agreement dated September 13, 2013, between our Company, our Promoters, Stovekraft India, SCI and SCI-GIH.
 21. Amendment Agreement dated September 27, 2018 entered into between Company, our Promoters, Stovekraft India and Sequoia.
 22. Second Amendment dated January 29, 2020, entered into between Company, our Promoters, Stovekraft India and Sequoia.
 23. Energy Purchase Agreement dated April 28, 2016 entered into between our Company and Vyshali Energy Private Limited.
 24. Subscription and Shareholders' Agreement dated April 28, 2016 entered into between our Company, Greenko Wind Projects Private Limited and Vyshali Energy Private limited.
 25. Share Purchase Agreement dated April 28, 2016 entered into between our Company, Greenko Wind Projects Private Limited and Vyshali Energy Private Limited.
 26. License Agreement dated September 1, 2016 entered into between our Company and The Black + Decker Corporation.
 27. Personal guarantee issued by our Promoters in favour of Standard Chartered Bank dated May 9, 2008.
 28. Personal guarantee issued by our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, in favour of Tata Capital Financial Services Limited dated August 31, 2018.
 29. Personal guarantee issued by our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, in favour of HDFC Bank Limited dated January 4, 2019.
 30. Personal guarantee issued by our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, and Director, Neha Gandhi in favour of RBL Bank Limited dated September 19, 2019.
 31. Personal guarantee issued by our Promoters, Rajendra Gandhi and Sunita Rajendra Gandhi, and Director, Neha Gandhi in favour of IDFC First Bank Limited dated March 27, 2019.
 32. Tripartite agreement dated May 9, 2018, between our Company, NSDL and the Registrar to the Offer.

33. Tripartite agreement dated May 30, 2018, between our Company, CDSL and the Registrar to the Offer.
34. Appointment letter dated March 23, 2015 as amended by appointment letters dated March 31, 2016, April 1, 2017, April 1, 2018 and July 18, 2019 for the appointment of our Managing Director, Rajendra Gandhi.
35. Appointment letter dated September 30, 2016, as amended by appointment letters dated April 1, 2017, April 1, 2018 and July 18, 2019 for the appointment of our Executive Director, Neha Gandhi.
36. In principle listing approvals dated [●] and [●], issued by BSE and NSE, respectively.
37. Due diligence certificate dated January 31, 2020, addressed to SEBI from the BRLMs.
38. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, the rules/guidelines/regulations issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Rajendra Gandhi

(Managing Director)

Bharat Singh

(Nominee Director)

Neha Gandhi

(Executive Director)

Rajiv Mehta Nitinbhai

(Whole Time Director and CEO)

Lakshmikant Gupta

(Chairman and Independent Director)

Shubha Rao Mayya

(Independent Director)

SIGNED BY CHIEF FINANCIAL OFFICER

Shashidhar SK

Place: Bengaluru

Date: January 31, 2020

DECLARATION BY THE INVESTOR SELLING SHAREHOLDER

We, Sequoia Capital India Growth Investment Holdings I, hereby confirm that all statements and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as one of the Selling Shareholders and our respective Offered Shares, are true and correct. Sequoia Capital India Growth Investment Holdings I assumes no responsibility for any other statements, including, any of the statements made by or relating to the Company or any Selling Shareholder in this Draft Red Herring Prospectus.

Signed for and on behalf of **SEQUOIA CAPITAL INDIA GROWTH INVESTMENT HOLDINGS I**

Name: Aslam Koomar

Designation: Director

Date: January 31, 2020

DECLARATION BY THE INVESTOR SELLING SHAREHOLDER

We, SCI Growth Investments II, hereby confirm that all statements and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to ourselves, as one of the Selling Shareholders and our respective Offered Shares, are true and correct. SCI Growth Investments II assumes no responsibility for any other statements, including, any of the statements made by or relating to the Company or any Selling Shareholder in this Draft Red Herring Prospectus.

Signed by and on behalf of **SCI GROWTH INVESTMENTS II**

Name: Sarwan Kumar Ramphul

Designation: Director

Date: January 31, 2020

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

The undersigned Selling Shareholder hereby confirms and certifies that all statements, disclosures and undertakings made by such Selling Shareholder in this Draft Red Herring Prospectus about or in relation to himself in connection with the Offer for Sale, and the Equity Shares being offered by him pursuant to the Offer for Sale are true and correct.

SIGNED BY THE SELLING SHAREHOLDER

RAJENDRA GANDHI

Name: RAJENDRA GANDHI

Date: January 31, 2020

Place: Bengaluru

DECLARATION BY THE PROMOTER SELLING SHAREHOLDER

The undersigned Selling Shareholder hereby confirms and certifies that all statements, disclosures and undertakings made by such Selling Shareholder in this Draft Red Herring Prospectus about or in relation to herself in connection with the Offer for Sale, and the Equity Shares being offered by her pursuant to the Offer for Sale are true and correct.

SIGNED BY THE SELLING SHAREHOLDER

SUNITA RAJENDRA GANDHI

Name: SUNITA RAJENDRA GANDHI

Date: January 31, 2020

Place: Bengaluru