



## ELIN ELECTRONICS LIMITED

Elin Electronics Limited ("Company" or "Issuer") was originally incorporated on March 26, 1982 at Kolkata, West Bengal as a private limited company under the Companies Act, 1956, with the name 'Elin Electronics Private Limited' pursuant to a certificate of incorporation granted by the Registrar of the Companies, West Bengal at Kolkata ("RoC"). Subsequently, the name of our Company was changed to 'Elin Electronics Limited' upon conversion of our Company into a public company pursuant to a special resolution passed by our shareholders on July 27, 1987 and the certificate of incorporation was amended by the RoC consequent upon change of name on conversion to public limited company on November 22, 1987. For further details in relation to change in the address of registered office of our Company, see "History and Certain Corporate Matters" on page 192.

**Registered Office:** 143, Cotton Street, Kolkata – 700 007, West Bengal, India; **Tel:** 033 22684329

**Corporate Office:** 4771, Bharat Ram Road, 23, Daryaganj, New Delhi – 110002; **Tel:** +91 011 43000400

**Contact Person:** Avinash Chandra Karwa, Company Secretary and Compliance Officer; **Tel:** + 011 43000400

**E-mail:** cs@elinindia.com; **Website:** www.elinindia.com; **Corporate Identity Number:** U29304WB1982PLC034725

### OUR PROMOTERS: Manoj Lal Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 7,600 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 1,750 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,850 MILLION, COMPRISING UP TO [●] EQUITY SHARES BY KAMAL SETHIA AGGREGATING UP TO ₹ 321 MILLION, UP TO [●] EQUITY SHARES BY KISHORE SETHIA AGGREGATING UP TO ₹ 525 MILLION, UP TO [●] EQUITY SHARES BY GAURAV SETHIA AGGREGATING UP TO ₹ 474 MILLION, UP TO [●] EQUITY SHARES BY SANJEEV SETHIA AGGREGATING UP TO ₹ 132 MILLION, UP TO [●] EQUITY SHARES BY SUMIT SETHIA AGGREGATING UP TO ₹ 125 MILLION, UP TO [●] EQUITY SHARES BY SUMAN SETHIA AGGREGATING UP TO ₹ 570 MILLION, UP TO [●] EQUITY SHARES BY VASUDHA SETHIA AGGREGATING UP TO ₹ 156 MILLION, UP TO [●] EQUITY SHARES BY VINAY KUMAR SETHIA AGGREGATING UP TO ₹ 91 MILLION (THE "PROMOTER SELLING SHAREHOLDERS") AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,456 MILLION BY THE PERSONS LISTED IN THIS DRAFT RED HERRING PROSPECTUS (THE "OTHER SELLING SHAREHOLDERS" AS DEFINED BELOW) (THE PROMOTER SELLING SHAREHOLDERS AND THE OTHER SELLING SHAREHOLDERS COLLECTIVELY, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") (SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, "THE OFFER").

THE FACE VALUE OF EQUITY SHARES IS ₹ 5 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], [●] EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND [●] EDITION OF THE BENGALI NATIONAL DAILY NEWSPAPER [●] (BENGALI BEING THE REGIONAL LANGUAGE OF WEST BENGAL, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid / Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs and such portion, the "QIB Portion"), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Price"), in accordance with the SEBI ICDR Regulations. 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 (excluding the Anchor Investor Portion) ("Net QIB Portion"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Bid will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see "Offer Procedure" on page 340.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 5 each. The Floor Price, the Offer Price or the Price Band (determined by our Company in consultation with the BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page [●]), should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 25.

### OUR COMPANY'S AND THE 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 the 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. Further, the Selling Shareholders accepts responsibility for, and confirms, that the statements made or confirmed by him in this Draft Red Herring Prospectus to the extent that the statements and information specifically pertain to him and the Equity Shares offered by him under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.

### LISTING

The Equity Shares, once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. 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 purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid / Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 375.

### BOOK RUNNING LEAD MANAGER

### REGISTRAR TO THE OFFER



**Axis Capital Limited**  
1<sup>st</sup> Floor, Axis House  
C-2 Wadia International Center  
Pandurang Budhkar Marg, Worli  
Mumbai – 400 025  
Maharashtra, India  
**Telephone:** +91 22 4325 2183  
**E-mail:** elin.ipo@axiscap.in  
**Investor grievance e-mail:** complaints@axiscap.in  
**Website:** www.axiscapital.co.in  
**Contact person:** Simran Gadh/Pavan Naik  
**SEBI registration no.:** INM000012029

**JM Financial Limited**  
7<sup>th</sup> Floor, Energy  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai – 400 025  
Maharashtra, India  
**Tel:** (+91 22) 6630 3030;  
**Email:** elin.ipo@jmfl.com  
**Investor grievance e-mail:** grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri  
**SEBI Registration No.:** INM000010361

**KFin Technologies Private Limited**  
(Formerly known as Karvy Fintech Private Limited)  
Selenium, Tower B, Plot No 31 and 32  
Financial District, Nanakramguda, Serilingampally  
Hyderabad, Rangareddi – 500032  
Telangana, India  
**Tel:** +91 40 6716 2222  
**E-mail:** elinindia.ipo@kfinetech.com  
**Investor grievance e-mail:** einward.ris@kfinetech.com  
**Website:** www.kfinetech.com  
**Contact person:** M Murali Krishna  
**SEBI registration number:** INR000000221

### BID/OFFER PROGRAMME

**BID/OFFER OPENS ON**

**BID/OFFER CLOSING ON**

[●]

[●]

\* Our Company 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.

\*\* Our Company 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 implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms in “Industry Overview”, Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Financial Information”, “Basis for Offer Price”, “Outstanding Litigation and Other Material Developments”, “Restriction on Foreign Ownership of Indian Securities” and “Description of Equity Shares and Terms of Articles of Association”, on pages 116, 188, 106, 223, 103, 316, 357 and 358, respectively, will have the meaning ascribed to such terms in those respective sections.*

#### Company and Selling Shareholders Related Terms

Term	Description
“our Company”, “the Company” or “the Issuer”	Elin Electronics Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 143, Cotton Street, Kolkata – 700 007, West Bengal, India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiary
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Company, as amended
“Audit Committee”	The audit committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations and as described in “Our Management” on page 197
“Board” or “Board of Directors”	The board of directors of our Company, as constituted from time to time
“Chief Financial Officer”	The chief financial officer of our Company, being Raj Karan Chhajer
“Company Secretary and Compliance Officer”	Company secretary and compliance officer of our Company, being Avinash Chandra Karwa
“Corporate Social Responsibility Committee”	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013 as described in “Our Management” on page 197
“Corporate Office”	The corporate office of our Company situated at 4771, Bharat Ram Road, 23, Daryaganj, New Delhi – 110002
“Director(s)”	Director(s) on the Board of our Company, as appointed from time to time
“Equity Shares”	Equity shares of our Company of face value of ₹ 5 each
“Executive Directors”	Executive director(s) of our Company. For further details of the Executive Directors, see “Our Management” on page 197
Frost & Sullivan	Frost & Sullivan (India) Private Limited
F&S Report	Report titled “Assessment of Electronics Manufacturing Services (EMS) Industry In India” dated October 2021 prepared by Frost & Sullivan
“Group Companies”	Our group companies as disclosed in the section “Group Companies” on page 220
“IPO Committee”	The IPO committee of our Board constituted vide resolution of the Board dated October 9, 2021
“Independent Director”	A non-executive, independent Director appointed as per the Companies Act, 2013 and the Listing Regulations. For further details of our Independent Directors, see “Our Management” on page 197
“KMP” or “Key Managerial Personnel”	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 as disclosed in “Our Management” on page 197
“Managing Director”	The managing director of our Company, being Kamal Sethia
“Material Subsidiary” or “Subsidiary”	The material subsidiary of our Company, being Elin Appliances Private Limited
“Materiality Policy”	The materiality policy of our Company adopted pursuant to a resolution of our Board dated October 9, 2021, for identification of the material (a) outstanding litigation proceedings;

<b>Term</b>	<b>Description</b>
	(b) group companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended
“Nomination and Remuneration Committee”	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, and as described in “ <i>Our Management</i> ” on page 197
“Non – executive Director(s)”	A Director, not being an Executive Director
“Promoters”	Promoters of our Company namely, Mangi Lall Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia. For further details, see “ <i>Our Promoters and Promoter Group</i> ” on page 213
“Promoter Selling Shareholders”	Collectively, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia
“Promoter Group”	Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see “ <i>Our Promoters and Promoter Group</i> ” on page 213
“Registered Office”	The registered office of our Company situated at 143, Cotton Street, Kolkata – 700 007, West Bengal, India.
“Registrar of Companies” or “RoC”	Registrar of Companies, West Bengal at Kolkata
“Restated Consolidated Financial Statements”	The restated consolidated financial statements of the Company and its subsidiary comprising the restated consolidated statement of assets and liabilities as at the six month period ended September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the six month period ended September 30, 2021, and financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary of significant accounting policies and explanatory notes and notes to restated consolidated financial statements prepared in terms of the Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended.
Scheme of Amalgamation	Scheme of amalgamation of Asian Magnetic Devices Private Limited and Rosebud Holding Private Limited with our Company approved by National Company Law Tribunal, Division Bench, Kolkata, by its order dated September 26, 2019
“Selling Shareholders”	Collectively, the Promoter Selling Shareholders and Other Selling Shareholders as set out in the section “ <i>List of Selling Shareholders</i> ” on page 14
“Shareholder(s)”	The holders of the Equity Shares from time to time
“Stakeholders’ Relationship Committee”	The stakeholders’ relationship committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, as described in “ <i>Our Management</i> ” on page 197
“Statutory Auditor”	The statutory auditor of our Company, being Oswal Sunil & Company, Chartered Accountants
Whole-time Director(s)	Wholetime directors of our Company Mangi Lall Sethia, Sanjeev Sethia and Sumit Sethia

#### Offer Related Terms

<b>Term</b>	<b>Description</b>
“Abridged Prospectus”	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
“Acknowledgement Slip”	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allotment”, “Allot” or “Allotted”	Unless the context otherwise requires, allotment of the Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders

<b>Term</b>	<b>Description</b>
“Allotment Advice”	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment 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 the Red Herring Prospectus and who has 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 on the Anchor Investor Bidding Date in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company, in consultation with the BRLMs
“Anchor Investor Application Form”	Form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
“Anchor Investor Bidding Date”	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids from Anchor Investors, and allocation to Anchor Investors shall be completed
“Anchor Investor Offer Price”	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, in consultation with the BRLMs
“Anchor Investor Pay – in Date”	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
“Anchor Investor Portion”	Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
“Applications Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in ASBA Account and will include applications made by RIBs using the 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 by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder in which funds will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by an RIB linked to a UPI ID, which will be blocked in relation to a Bid by a RIB Bidding through the UPI Mechanism
“ASBA Bidders”	All Bidders except Anchor Investors
“ASBA Form”	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
“Axis”	Axis Capital Limited
“Banker(s) to the Offer”	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be
“Basis of Allotment”	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” on page 340
“Bid”	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of an Anchor Investor 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.  The term “Bidding” shall be construed accordingly
“Bidder”	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor
“Bid Amount”	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum

<b>Term</b>	<b>Description</b>
	Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable
“Bidding Centres”	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
“Bid cum Application Form”	Anchor Investor Application Form or the ASBA Form, as the context requires
“Bid Lot”	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
“Bid/Offer Closing Date”	<p>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 published in [●] editions of the English daily national newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] edition of the Bengali newspaper [●] (Bengali being the regional language of West Bengal, where our Registered Office is located), each with wide circulation</p> <p>In case of any revisions, the extended Bid/ Offer Closing Date will 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 Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.</p> <p>Our Company, in consultation with the BRLMs, may 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. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations</p>
“Bid/Offer Opening Date”	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, being [●], which shall also be published in [●] editions of English national daily newspaper [●], [●] editions of Hindi national daily newspaper [●] and [●] edition of Bengali newspaper [●] (Bengali being the regional language of West Bengal, where our Registered Office is located)
“Bid/Offer Period”	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
“Book Building Process”	The book building process as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
“Book Running Lead Managers” or “BRLMs”	The book running lead managers to the Offer, namely Axis Capital Limited and JM Financial Limited
“Broker Centre”	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms, provided that RIBs may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism, to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), and updated from time to time
“CAN” or “Confirmation of Allocation Note”	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date
“Cap Price”	The higher end of the Price Band, i.e. ₹ [●] per Equity Share, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
“Cash Escrow and Sponsor Bank Agreement”	The agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member, the Banker(s) to the Offer, inter alia, the for appointment of the Sponsor Bank in accordance with the UPI Circular, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer

<b>Term</b>	<b>Description</b>
	Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
“Circular on Streamlining of Public Issues”/ “UPI Circular”	Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
“Client ID”	Client identification number maintained with one of the Depositories in relation to the Bidder’s beneficiary 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 BSE and NSE, as updated from time to time
“Cut-off Price”	The Offer Price, as finalised by our Company, in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
“Demographic Details”	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation, PAN, DP ID, Client ID and bank account details and UPI ID, where applicable
“Designated Branches”	SCSB Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at ( <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&amp;intmId=35</a> ) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
“Designated Locations”	CDP Such locations of the CDPs where 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 ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
“Designated Date”	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors or IPO Committee may Allot Equity Shares to successful Bidders in the offer
“Designated Intermediaries”	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) 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 RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs 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 Locations”	RTA Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time
“Designated Exchange”	Stock [•]

<b>Term</b>	<b>Description</b>
“Draft Red Herring Prospectus” or “DRHP”	This draft red herring prospectus dated November 17, 2021, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
“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 the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
“Eligible NRIs”	NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
“Escrow Account(s)”	Accounts opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid
“Escrow Collection Bank(s)”	The banks which are clearing members and registered with SEBI as Bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●]
“First 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, i.e. ₹ [●] subject to any revision(s) 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 component of the Offer comprising an issuance of up to [●] Equity Shares aggregating up to ₹ 1,750 million by our Company
“General Information Document” or “GID”	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
“Gross Proceeds”	The Offer proceeds from the Fresh Issue
“JM”	JM Financial Limited
“June 2021 Circular”	SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021
“March 2021 Circular”	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021
“Monitoring Agency”	[●]
“Monitoring Agency Agreement”	Agreement to be entered into between our Company and the Monitoring Agency
“Mutual Fund”	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“Mutual Fund Portion”	Up to 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
“Net Proceeds”	The Gross Proceeds less our Company’s share of the Offer-related expenses applicable to the Fresh Issue. For further details about use of the Net Proceeds and the Offer related expenses, see “ <i>Objects of the Offer</i> ” on page 92
“Net QIB Portion”	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors
“Non-Institutional Investors” or “NII(s)” or “Non-Institutional Bidders” or “NIB(s)”	All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
“Non-Institutional Portion”	The portion of the Offer being not less than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price
“Non-Resident” or “NR”	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 ₹ [●] per Equity Share (including a share premium of [●] per Equity Share) aggregating up to ₹ 7,600 million consisting of a Fresh issue of up to [●] Equity Shares aggregating up to 1,750 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating up to 5,850, by the Selling Shareholders

<b>Term</b>	<b>Description</b>
“Offer Agreement”	The agreement dated November 17, 2021 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
“OFS” or “Offer for Sale”	The Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 5,850 million by the Selling Shareholders.
“Offer Price”	₹ [●] per Equity Share, being the final price within the Price Band, at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company, in consultation with the BRLMs, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus
“Offered Shares”	Up to [●] Equity Shares aggregating up to ₹ 5,850 million being offered for sale by the Selling Shareholders in the Offer for Sale
“Price Band”	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) and includes any revisions thereof  The Price Band and the minimum Bid Lot for the Offer will be decided by our Company, in consultation with the BRLMs, and will be advertised in [●] editions of an English national daily newspaper [●], [●] editions of a Hindi national daily newspaper [●] and [●] edition of a Bengali newspaper [●] (each of which are widely circulated English, Hindi and Bengali newspapers, respectively, Bengali being the regional language of West Bengal, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
“Pricing Date”	The date on which our Company, in consultation with the BRLMs, will finalise the Offer Price
“Prospectus”	The prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
“Public Offer Account Bank(s)”	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
“Public Offer Account(s)”	Bank account to be opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date
“QIB Portion”	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer, consisting of [●] Equity Shares which shall be allocated to QIBs, including the Anchor Investors (which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the BRLMs up to a limit of 60% of the QIB Portion) subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
“Qualified Institutional Buyers” or “QIBs”	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
“Red Herring Prospectus” or “RHP”	The red herring prospectus, including any corrigenda or addenda thereto, to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will 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 after the Pricing Date
“Refund Account(s)”	The ‘no-lien’ and ‘non-interest bearing’ account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
“Refund Bank(s)”	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]

<b>Term</b>	<b>Description</b>
“Registered Broker”	Stock brokers registered with the stock exchanges having nationwide terminals other than the members of the Syndicate, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
“Registrar Agreement”	The agreement dated November 17, 2021 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
“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 as per the lists available in the website of BSE and NSE, and the UPI Circulars
“Registrar” or “Registrar to the Offer”	KFin Technologies Private Limited
“Resident Indian”	A person resident in India, as defined under FEMA
“Retail Individual Bidders” or “RIB(s)” or “Retail Individual Investors” or “RII(s)”	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer
“Retail Portion”	The portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
“Revision Form”	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> and <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> , or such other website as may be prescribed by SEBI from time to time  Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure ‘A’ to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> , as updated from time to time
“Specified Locations”	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ), and updated from time to time
“Share Escrow Agent”	Escrow agent to be appointed pursuant to the Share Escrow Agreement
“Share Escrow Agreement”	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the Equity Shares offered by the Selling Shareholders in escrow and credit of such Equity Shares to the demat account of the Allottees.
“Sponsor Bank”	The Banker to the Offer registered with SEBI which is appointed by the Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the UPI Mandate Requests and / or payment instructions of the RIBs using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being [●]
“Stock Exchanges”	Collectively, BSE Limited and National Stock Exchange of India Limited

<b>Term</b>	<b>Description</b>
“Syndicate Agreement”	Agreement to be entered into among our Company, the Selling Shareholders, the BRLMs, Registrar and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate
“Syndicate Members”	Intermediaries (other than BRLMs) registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Offer and carry out activities as an underwriter namely, [●]
“Syndicate” or “members of the Syndicate”	Together, the BRLMs and the Syndicate Members
“Systemically Important Non-Banking Financial Company” or “NBFC-SI”	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
“Underwriters”	[●]
“Underwriting Agreement”	The agreement to be entered into amongst the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date, but prior to filing of the Prospectus
“UPI”	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
“UPI ID”	ID created on 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 the SCSBs on the website of SEBI and by way of an SMS directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI linked mobile application equivalent to Bid Amount and subsequent debit of funds in case of Allotment  In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> ) and ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> ) respectively, as updated from time to time
“UPI Mechanism”	The Bidding mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars
“UPI PIN”	Password to authenticate UPI transaction
“Wilful Defaulter”	A wilful defaulter, as defined under the SEBI ICDR Regulations
“Working Day”	All days, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, Working Day shall mean all days except all Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in India, as per the circulars issued by SEBI.

#### Technical/Industry Related Terms/Abbreviations

<b>Term</b>	<b>Description</b>
“AC”	Alternating Current
“AS”	Accounting Standards
“BIS”	Bureau of Indian Standards
“CAGR”	Compound Annual Growth Rate
“CEA”	Consumer Electronics and Appliances
“CFL”	Compact Fluorescent Lamp
“CPH”	Component per hour
“DC”	Direct Current
“DGFT”	Directorate General of Foreign Trade
“DNA”	Deoxyribonucleic acid
“DSIR”	Department of Scientific and Industrial Research
“EBITDA”	Earnings before Interest, Tax, Depreciation, Amortization
“EDP”	Electronic Data Processing
“EESL”	Energy Efficiency Services Limited

<b>Term</b>	<b>Description</b>
“EMC”	Electronics Manufacturing Clusters
“EMC 2.0”	Modified Electronics Manufacturing Clusters Scheme
“EMS”	Electronic Manufacturing Services
“ERP”	Enterprise resource planning
“ESCOs”	Energy Service Companies
“ESDM”	Electronic System Design and Manufacturing
“FHP”	Fractional Horsepower Motors
“GDP”	Gross Domestic Product
“HR”	Human Resources
“ICs”	Integrated Circuits
“IoT”	Internet of Things
“IP”	Intellectual Property
“ISO”	International Organisation for Standardisation
“IT”	Information Technology
“LAN”	Local Area Network
“LED”	Light Emitting Diode
“LMS”	Light Management Systems
“MEIS”	Merchandise Exports from India Scheme
“MeitY”	Minister of Electronics and Information Technology
“MIS”	Management Information System
“MRNA”	Messenger Ribonucleic acid
“NITI”	National Institution for Transforming India
“NMZ”	National Manufacturing Zones
“NPE”	National Policy on Electronics
“NSO”	National Statistical Office
“ODM”	Original Design Manufacturer
“OEM”	Original Equipment Manufacturer
“PCB”	Printed Circuit Boards
“PCBA”	Printed Circuit Board Assembly
“PFCE”	Private Final Consumption Expenditure
“PLI”	Production Linked Incentive
“R&D”	Research and Development
“RAC”	Room air conditioner
“RERA”	Real Estate (Regulation and Development) Act
“ROCE”	Return on Capital Employed
“ROE”	Return on Equity
“ROI”	Return on Investment
“RPM”	Rotation Per Minute
“SLNP”	Street Lighting National Programme
“SMEs”	Small and Medium-sized Enterprises
“SMT”	Surface Mount Technology
“SPECS”	Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors
“UJALA”	Unnat Jyoti by Affordable LEDs for All

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

<b>Term</b>	<b>Description</b>
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
“AIFs”	Alternative investment funds as defined in and registered under the AIF Regulations
“AS”	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CAGR”	Compounded Annual Growth Rate
“Calendar Year” or “year”	Unless the context otherwise requires, shall refer to the twelve month period ending December 31

<b>Term</b>	<b>Description</b>
“Category I AIF”	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
“Category II AIF”	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
“Category I FPIs”	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
“Category II FPIs”	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
“Category III AIF”	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“Companies Act, 1956”	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder
“Companies Act” / “Companies Act, 2013”	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended and to the extent currently in force
“COVID – 19”	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
“Cr.P.C.”	Code of Criminal Procedure, 1973
“CSR”	Corporate social responsibility
“Demat”	Dematerialised
“Depositories Act”	Depositories Act, 1996
“Depository” or “Depositories”	NSDL and CDSL
“DIN”	Director Identification Number
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
“DP ID”	Depository Participant’s Identification Number
“EPS”	Earnings per share
“FDI”	Foreign direct investment
“FDI Policy”	The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
“FEMA”	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“Financial Year”, “Fiscal”, “FY” or “F.Y.”	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise
“FIR”	First information report
“FPI(s)”	Foreign Portfolio Investor, as defined under the FPI Regulations
“FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“Fugitive Economic Offender”	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
“FVCI”	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations
“FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
“GDP”	Gross domestic product
“GoI” or “Government” or “Central Government”	Government of India
“GST”	Goods and services tax
“HUF”	Hindu undivided family
“IAS Rules”	Companies (Indian Accounting Standards) Rules, 2015, as amended
“ICAI”	The Institute of Chartered Accountants of India
“ICSI”	The Institute of Company Secretaries of India
“ICWAI”	The Institute of Cost & Works Accountants of India
“ICDS”	Income Computation and Disclosure Standards
“IFRS”	International Financial Reporting Standards of the International Accounting Standards Board
“India”	Republic of India

<b>Term</b>	<b>Description</b>
“Ind AS” or “Indian Accounting Standards”	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules
“India AS 24”	Indian Accounting Standard 24, “Related Party Disclosures”, notified by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 read with IAS Rules
“IGAAP” or “Indian GAAP”	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended
“IPC”	The Indian Penal Code, 1860
“IPR”	Intellectual property rights
“IPO”	Initial public offer
“IST”	Indian standard time
“IT Act”	The Income Tax Act, 1961
“IT”	Information technology
“MCA”	Ministry of Corporate Affairs, Government of India
“Mn” or “mn”	Million
“N.A.”	Not applicable
“NACH”	National Automated Clearing House
“NAV”	Net asset value
“NBFC”	Non-Banking Financial Company
“NEFT”	National electronic fund transfer
“NPCI”	National Payments Corporation of India
“NRE Account”	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NRI” or “Non-Resident Indian”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
“NRO Account”	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB” or “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 the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
“P/E Ratio”	Price/earnings ratio
“PAN”	Permanent account number allotted under the Income Tax Act, 1961
“RBI”	Reserve Bank of India
“Regulation S”	Regulation S under the U.S. Securities Act
“RTGS”	Real time gross settlement
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
“SEBI Listing Regulations” or “Listing Regulation”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI Merchant Bankers Regulations”	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999
“SEBI SBEB Regulations 2021”	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
“SEBI VCF Regulations”	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to SEBI AIF Regulations

<b>Term</b>	<b>Description</b>
“STT”	Securities Transaction Tax
“State Government”	Government of a State of India
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“U.S.A”/ “U.S.”/ “United States”	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
“USD” or “US\$”	United States Dollars
“U.S. GAAP”	Generally Accepted Accounting Principles in the United States of America
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“VAT”	Value added tax
“VCFs”	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

## LIST OF SELLING SHAREHOLDERS

S. No.	Name of Selling Shareholders*	Number of Equity Shares held as on the date of DRHP	Number of Equity Shares offered in the Offer for Sale	Offered Shares aggregating up to (in ₹ million)	Average cost of acquisition of Equity Shares <sup>^</sup>	Weighted average cost of acquisition of Equity Shares acquired in the last year <sup>^</sup>
<b>Promoter Selling Shareholders</b>						
1.	Kamal Sethia	2,229,618	[●]	321	0.94	0.00
2.	Suman Sethia	3,960,000	[●]	570	0.75	0.00
3.	Kishore Sethia	3,644,928	[●]	525	1.27	0.00
4.	Vasudha Sethia	1,080,900	[●]	156	2.66	0.00
5.	Gaurav Sethia	3,143,004	[●]	474	0.12	0.00
6.	Sanjeev Sethia	915,600	[●]	132	2.11	0.00
7.	Vinay Kumar Sethia	633,300	[●]	91	1.55	0.00
8.	Sumit Sethia	864,450	[●]	125	1.07	0.00
<b>Other Selling Shareholders</b>						
9.	Dhani Devi Sethia Trust	105,000	[●]	15	0.00	0.00
10.	Kamal Sethia & Sons HUF	266,250	[●]	38	0.66	0.00
11.	Vijay Singh Sethia	688,200	[●]	99	1.17	0.00
12.	Vijay Singh Sethia & Sons HUF	135,000	[●]	19	1.33	0.00
13.	Kanchan Sethia	1,177,500	[●]	170	0.93	0.00
14.	Vinay Kumar Sethia & Sons HUF	10,500	[●]	2	6.67	0.00
15.	Santosh Sethia	815,250	[●]	117	0.33	0.00
16.	Deepak Sethia	815,250	[●]	117	0.51	0.00
17.	Deepak Sethia & Sons HUF	21,000	[●]	3	6.67	0.00
18.	Madhulika Sethia	195,000	[●]	28	0.38	0.00
19.	Nikhil Sethia	213,000	[●]	31	2.96	0.00
20.	Yugesh Sethia	213,000	[●]	31	2.25	0.00
21.	Ashok Sethia	481,800	[●]	69	1.58	0.00
22.	Nita Sethia	159,000	[●]	23	0.85	0.00
23.	Ashnit Sethia	756,900	[●]	109	0.31	0.00
24.	Nitisha Sethia	60,000	[●]	9	6.67	0.00
25.	Alok Sethia	829,800	[●]	120	1.22	0.00
26.	Alok Sethia HUF	25,500	[●]	4	6.67	0.00
27.	Namrata Sethia	381,300	[●]	55	0.75	0.00
28.	Akash Sethia	111,000	[●]	16	0.72	0.00
29.	Anant Sethia	111,000	[●]	16	0.72	0.00
30.	Sushil Kumar Sethia	165,000	[●]	68	4.03	0.00
31.	Sushil Kumar Sethia & Sons HUF	12,000	[●]	2	6.67	0.00
32.	Shweta Sethia	112,500	[●]	16	0.33	0.00
33.	Keshari Sethia HUF	92,250	[●]	13	4.07	0.00
34.	Manju Sethia	1,365,600	[●]	197	0.35	0.00
35.	Bridhi Chand Sethia & Sons HUF	307,800	[●]	44	1.05	0.00
36.	Dilip Sethia	661,500	[●]	95	1.93	0.00
37.	Madhuri Sethia	195,000	[●]	28	0.77	0.00
38.	Rishabh Sethia	778,500	[●]	112	0.44	0.00
39.	Pradeep Sethia	973,500	[●]	140	1.52	0.00
40.	Motilal Sethia & Sons HUF	231,600	[●]	33	17.03	0.00
41.	Prem Lata Sethia	2,802,000	[●]	596	0.47	0.00
42.	Priyanka Sethia	493,800	[●]	71	20.09	0.00
43.	Sajjan Sethia	517,800	[●]	75	2.35	0.00
44.	Rakesh Sethia	1,278,450	[●]	184	1.62	0.00
45.	Raghav Sethia	1,021,500	[●]	147	0.01	0.00
46.	Ravi Sethia <sup>#</sup>	1,365,450	[●]	197	1.82	0.00
47.	Raveena Sethia	350,250	[●]	50	0.18	0.00
48.	Shivina Kumari Sethia	323,250	[●]	47	0.17	0.00
49.	Elin Appliances Private Limited	1,734,000	[●]	250	9.97	0.00
50.	Shlok Sethia	3000	[●]	0.43	0.33	0.00

\*The consent from all the Selling Shareholders has been received on October 30, 2021

<sup>^</sup>As per the certificate dated November 17, 2021, issued by Oswal Sunil & Company, Chartered Accountants

<sup>#</sup> 80,000 Equity Shares were inadvertently credited to the demat account of Ravi Sethia, instead of to the demat account of Rhea Sethia. Our Company is in the process of rectifying the same.

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

### **Certain Conventions**

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

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and all references to the “US”, “U.S.” “USA” or “United States” are to the United States of America and its territories and possessions.

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

### **Time**

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

### **Financial Data**

Unless stated otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Consolidated Financial Statements. For further information, see “*Financial Information*” beginning on page 223. In this Draft Red Herring Prospectus, figures for the six months period ended September 30, 2021, Fiscals 2021, 2020 and 2019 have been presented.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, all references in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year are to the 12 months ended March 31 of such year. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Draft Red Herring Prospectus are to a calendar year.

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 25, 164 and 284, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Consolidated Financial Statements.

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, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial information with Indian GAAP, IFRS or U.S. GAAP requirements. 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. For further details in connection with risks involving differences between Ind AS and other accounting principles, 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 consider material to their assessment of our financial condition.*” on page 48. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

### **Non-GAAP Measures**

Certain non-GAAP measures such as EBITDA, Return on Capital Employed, Return on Equity, PAT margin, total borrowings and debt to equity ratio, Net Worth and Return on Net Worth and net asset value per equity share (“**Non-GAAP Measures**”) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the year / period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term and, therefore, a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting their usefulness as a comparative measure. Although the Non-GAAP Measures are not a

measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us because these are widely used measures to evaluate a company’s operating performance.

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. Except as otherwise stated, all figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

### Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in “million” units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

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

### Exchange Rates

This Draft Red Herring Prospectus contains conversion 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 other currencies:

Currency	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
1 USD	74.26	73.5	75.39	69.17*

Source: RBI reference rate and [www.fbil.org.in](http://www.fbil.org.in)

\* In the event that March 31 of any of the respective years or such other date on which information is to be disclosed is a public holiday, the previous calendar day not being a public holiday considered.

### 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 publication and sources. Further, the information has also been derived from the report titled “Assessment of Electronics Manufacturing Services (EMS) Industry in India” dated October 2021, prepared by Frost & Sullivan which was commissioned and paid for by our Company, exclusively for the purposes of the Offer for an agreed fee. Further it is clarified that Frost & Sullivan is not related to our Company, our Promoters or our Directors. For risks in relation to commissioned reports, see “Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks” on page 43.

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. 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. 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. 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 and assumptions that may prove to be incorrect.

Accordingly, no investment decision should be made solely on the basis of such information, although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 25.

In accordance with the SEBI ICDR Regulations, “*Basis for Offer Price*” on page 103 includes information relating to our listed peer group companies. Accordingly, no investment decision should be made solely on the basis of such information.

#### **Disclaimer of Frost & Sullivan**

This Draft Red Herring Prospectus contains certain data and statistics from the F&S Report, which is subject to the following disclaimer:

*“Assessment of Electronics Manufacturing Services (EMS) Industry in India” has been prepared for the proposed initial public offering of equity shares by Elin Electronics Limited (the “Company”).*

*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. Estimates provided by Frost & Sullivan (India) Private Limited (“Frost & Sullivan”) and its 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.”*

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “likely to”, “may”, “seek to”, “shall”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue”, “can”, “could”, “goal”, “should” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and 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, including but not limited to, regulatory changes pertaining to the industry in which we have businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Loss of relationship with key customers may have a material adverse effect on the profitability and results of operations.
- The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition and results of operations
- If the customers choose not to renew their agreements with us or continue to place orders with us, our business and results of operations will be adversely affected
- Any disruption in the continuous operations of the manufacturing facilities would have a material adverse effect on the business, results of operations and financial condition
- Any breach of the conditions under the contracts may adversely affect our business and results of operations.

Certain information in “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 116, 164 and 284, respectively, of this Draft Red Herring Prospectus have been obtained from the report titled “Assessment of Electronics Manufacturing Services (EMS) Industry In India” dated October 2021 by Frost & Sullivan, which has been commissioned and paid for by our Company.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 25, 164 and 284, 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 future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management’s belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. 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. Neither our Company, our Promoters, our Directors, the Selling Shareholders, the BRLMs, the Syndicate Members nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company shall ensure that investors in India are informed of material developments from the date of the Draft Red Herring Prospectus in relation to the statements and undertakings made by them in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Further, the Selling Shareholders shall ensure that investors in India are informed of material developments from the date of the Draft Red Herring Prospectus in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

## OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus 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 Information”, “Outstanding Litigation and Other Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association” on pages 25, 92, 164, 116, 66, 52, 223, 316, 340 and 358, respectively of this Draft Red Herring Prospectus.

<b>Summary of the primary business of the Company</b>	We are a leading electronics manufacturing services (“EMS”) manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. (Source: F&S Report) We manufacture and assemble a wide array of products and provide end-to-end product solutions. Our product portfolio includes LED lighting, fans and switches; small appliances; fractional horsepower motors; medical diagnostic cartridges; plastic moulded and sheet metal parts and components; and other miscellaneous products such as terminal block, stainless steel blade, die casting and radio sets.														
<b>Summary of the Industry</b>	The total addressable EMS market in India was valued at ₹ 2,654 billion (USD 36 billion) in Fiscal 2021, and is expected to grow to ₹ 9,963 billion in Fiscal 2026 with a CAGR of 30.3%. However, the contribution of Indian EMS companies is around 40%, which is valued at ₹ 1,069 billion (USD 14 billion) in Fiscal 2021, which is expected to grow at 41.1% CAGR to reach ₹ 5,978 billion (USD 81 billion) in Fiscal 2026. (Source: F&S Report)														
<b>Name of Promoters</b>	Mangi Lall Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vinay Kumar Sethia and Vasudha Sethia														
<b>Offer size</b>	<p>The following table summarizes the details of the Offer size:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Offer of Equity Shares<sup>(1)(2)#</sup></td> <td colspan="2">Up to [●] Equity Shares aggregating up to ₹ 7,600 million</td> </tr> <tr> <td>of which:</td> <td colspan="2"></td> </tr> <tr> <td>(i) Fresh Issue<sup>(1)</sup></td> <td colspan="2">Up to [●] Equity Shares aggregating up to ₹ 1,750 million</td> </tr> <tr> <td>(ii) Offer for Sale<sup>(2)</sup></td> <td colspan="2">Up to [●] Equity Shares aggregating up to ₹ 5,850 million</td> </tr> </table> <p><sup>(1)</sup>The Offer has been authorised by our Board pursuant to resolution passed on September 6, 2021 and the Fresh Issue has been authorised by our Shareholders pursuant to a resolution passed on September 30, 2021.</p> <p><sup>(2)</sup> The Selling Shareholders has specifically confirmed that the Offered Shares are eligible to be offered for sale in the Offer in accordance with the SEBI ICDR Regulations. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see “Other Regulatory and Statutory Disclosures” beginning on page 323.</p> <p>The Offer shall constitute [●] % of the post Offer paid up Equity Share capital of our Company.</p> <p>For further details, see “Offer Structure” and “The Offer” beginning on pages 340 and 52.</p>			Offer of Equity Shares <sup>(1)(2)#</sup>	Up to [●] Equity Shares aggregating up to ₹ 7,600 million		of which:			(i) Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 1,750 million		(ii) Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 5,850 million	
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<b>Objects of the Offer</b>	<p>The objects for which the Net Proceeds shall be utilised are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Amount (in ₹ million)</th> </tr> </thead> <tbody> <tr> <td>Repayment/ prepayment, in full or part, of certain borrowings availed by our Company</td> <td style="text-align: right;">800.00</td> </tr> <tr> <td>Funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh and (ii) Verna Goa</td> <td style="text-align: right;">489.73</td> </tr> <tr> <td>General corporate purposes <sup>(1)</sup></td> <td style="text-align: right;">[●]</td> </tr> <tr> <td><b>Net Proceeds</b></td> <td style="text-align: right;"><b>[●]</b></td> </tr> </tbody> </table> <p><sup>(1)</sup> 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 Net Proceeds.</p> <p>For further details see “Objects of the Offer” on page 92.</p>			Particulars	Amount (in ₹ million)	Repayment/ prepayment, in full or part, of certain borrowings availed by our Company	800.00	Funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh and (ii) Verna Goa	489.73	General corporate purposes <sup>(1)</sup>	[●]	<b>Net Proceeds</b>	<b>[●]</b>		
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<b>Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our</b>	<p>The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">No. of pre-Offer Equity Shares held</th> <th style="text-align: center;">Percentage of the pre-Offer paid-up Equity Share Capital (%)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>			Name	No. of pre-Offer Equity Shares held	Percentage of the pre-Offer paid-up Equity Share Capital (%)									
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<b>paid-up Equity Share capital</b>	<b>Promoters</b>																																												
	Kamal Sethia	2,229,618	5.24																																										
	Kishore Sethia	3,644,928	8.56																																										
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	Vasudha Sethia	1,080,900	2.54																																										
	<b>Total (A)</b>	<b>16,471,800</b>	<b>38.69</b>																																										
	<b>Promoter Group</b>																																												
	Kanika Sethia	150,000	0.35																																										
	Santosh Sethia	815,250	1.92																																										
	Vijay Singh Sethia	688,200	1.62																																										
	Kanchan Sethia	1,177,500	2.77																																										
	Sushil Sethia	165,000	0.39																																										
	Parth Sethia	303,900	0.71																																										
	Deepak Sethia	815,250	1.91																																										
	Sweta Sethia	112,500	0.26																																										
	Dhani Devi Sethia Trust	105,000	0.25																																										
	Kamal Sethia & Sons HUF	266,250	0.63																																										
	Vijay Singh Sethia & Sons HUF	135,000	0.31																																										
	Vinay Kumar Sethia & Sons HUF	10,500	0.03																																										
	Deepak Sethia & Sons HUF	21,000	0.05																																										
	Sushil Kumar Sethia & Sons HUF	12,000	0.03																																										
	Elin Appliances Private Limited	1,734,000	4.07																																										
	<b>Total (B)</b>	<b>6,511,350</b>	<b>15.29</b>																																										
<b>Total (C=A+B)</b>	<b>22,983,150</b>	<b>53.98</b>																																											
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	*For details on the number of shares held by the Other Selling Shareholders, please see "List of Selling Shareholders" on page 14.																																												
<b>Summary of Selected Financial Information</b>	(a) The details of our share capital, total equity, net asset value per Equity Share and total borrowings as at and for the six months ended September 30, 2021 and years ended March 31, 2021, March 31, 2020, and March 31, 2019 and derived from the Restated Consolidated Financial Statements are as follows: (₹ in million, except per share data)																																												

Particulars	As at and for the six months ended September 30, 2021	As at March 31,		
		2021	2020	2019
(A) Equity share capital	204.20	68.07	68.07	49.57
(B) Total Equity	2824.48	2,622.71	2,277.68	1,990.21
(C) Net asset value per Equity Share*	69.16	64.22	55.77	48.73
(D) Total Borrowings	1320.38	1,137.66	698.93	866.44

\* Net asset value (per Equity Share) means total equity as restated divided by number of Equity Shares outstanding at the end of the year adjusted for the impact of bonus and split issue after the end of the year but before the date of filing of this Draft Red Herring Prospectus

(b) The details of our total income, profit for the year and earnings per Equity Share (basic and diluted) for the six months ended September 30, 2021 and Fiscals 2021, 2020, and 2019 derived from Restated Consolidated Financial Statements are as follows:

(₹ in million, except per share data)

Particulars	As at and for the six months ended September 30, 2021	For the year ending March 31,		
		2021	2020	2019
Total Income	5,189.25	8649.02	7863.72	8297.37
Profit for the period	193.33	348.57	274.87	290.74
Earnings per share				
- Basic	4.73	8.53	6.73	7.12
- Diluted	4.73	8.53	6.73	7.12

For details, see “Financial Information” on page 223.

**Auditor’s qualifications which have not been given effect to in the Restated Consolidated Financial Statements**

There are no auditor qualifications which have not been given effect to in the Restated Consolidated Financial Statements.

**Summary table of outstanding litigations**

A summary of outstanding litigation proceedings involving our Company, Promoters, Subsidiary, and Directors, as disclosed in “Outstanding Litigation and Other Material Developments” on page 316, in terms of the SEBI ICDR Regulations and the Materiality Policy approved by our Board pursuant to a resolution dated October 9, 2021, as of the date of this Draft Red Herring Prospectus is provided below:

(in ₹ million, unless otherwise specified)

Nature of cases	No. of cases	Total amount involved <sup>^</sup>
<b>Litigation involving our Company</b>		
<b>Against our Company</b>		
Material civil litigation proceedings	Nil	Nil
Criminal cases	1	Not quantifiable
Action taken by statutory and regulatory authorities	3	7.59
Taxation cases	21	5.00
<b>By our Company</b>		
Material civil litigation proceedings	Nil	Nil
Criminal cases	Nil	Nil
<b>Litigation involving our Directors other than our Promoters</b>		
<b>Against our Directors</b>		
Material civil litigation proceedings	Nil	Nil
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil
Taxation cases	Nil	Nil
<b>By our Directors</b>		
Material civil litigation proceedings	Nil	Nil
Criminal cases	Nil	Nil
<b>Litigation involving our Promoters</b>		
<b>Against our Promoters</b>		

	<i>Material civil litigation proceedings</i>	Nil	Nil		
	<i>Criminal cases</i>	1	Not quantifiable		
	<i>Action taken by statutory and regulatory authorities</i>	Nil	Nil		
	<i>Disciplinary action taken against our Promoter in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange.</i>	Nil	Nil		
	<i>Taxation cases</i>	Nil	Nil		
	<b>By our Promoters</b>				
	<i>Material civil litigation proceedings</i>	Nil	Nil		
	<i>Criminal cases</i>	Nil	Nil		
	<b>Litigation involving our Subsidiary</b>				
	<b>Against our Subsidiary</b>				
	<i>Material civil litigation proceedings</i>	Nil	Nil		
	<i>Criminal cases</i>	Nil	Nil		
	<i>Action taken by statutory and regulatory authorities</i>	Nil	Nil		
	<i>Taxation cases</i>	4	30.68		
	<b>By our Subsidiary</b>				
	<i>Material civil litigation proceedings</i>	Nil	Nil		
	<i>Criminal cases</i>	Nil	Nil		
	<i>* To the extent quantifiable</i>				
	As on the date of this Draft Red Herring Prospectus, there are no outstanding litigation involving our Group Companies which has a material impact on our Company.				
<b>Risk Factors</b>	For details of the risks applicable to us, see “ <i>Risk Factors</i> ” on page 25.				
<b>Summary table of contingent liabilities</b>	The following is a summary table of our contingent liabilities: (₹ in million)				
	<b>Particulars</b>	<b>As on September 30, 2021</b>	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>	<b>Fiscal 2019</b>
	Unexpired letter of credits	19.58	48.75	8.39	29.91
	Outstanding Bank Guarantees issued by bank	3.50	3.50	2.43	2.43
	Claims against group not acknowledged as debts	43.28	22.05	20.11	19.25
	For details relating to contingent liabilities of our Company, see “ <i>Financial Statements</i> ” on page 223.				
<b>Summary of related party transactions</b>	Summary of the related party transactions derived from the Restated Financial Statements, is as follows: (₹ in million)				
	<b>Particulars</b>	<b>Period ended Sep 30, 2021</b>	<b>For the year ended</b>		
			<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Purchases/receiving of Goods &amp; services</b>				
	Elin Appliances Private Limited	0.97	2.59	1.47	4.17
	<b>Sales/rendering of Goods and Materials</b>				
	Elin Appliances Private Limited	287.41	492.23	384.11	369.62
	Sethia Oil Industries Limited	0.01	0.01	0.02	0.03
	<b>Purchase of Property, Plant and Equipment</b>				
	Magtronic Devices Private Limited	-	0.07	-	-
	Elin Appliances Private Limited	-	-	-	4.50
	<b>Income - Rent /Other income</b>				
	Magtronic Devices Private Limited	0.18	0.36	0.36	0.24
	Elin Appliances Private Limited	-	1.19	-	0.44
	<b>Expenses - Rent /Other expenses</b>				
	Magtronic Devices Private Limited	-	-	-	-
	Kanchan Commercial Co. Private Limited	0.30	0.60	0.60	0.60
	Elin Appliances Private Limited	2.34	4.57	3.84	2.40
	<b>Closing Balances of Receivables</b>				
	Elin Appliances Private Limited	195.73	56.48	73.40	31.14

	Sethia Oil Industries Limited	0.01	-	-	-
	<b>Contribution towards Gratuity Liabilities</b>				
	Elin Employees Group Gratuity Trust	2.03	11.07	5.50	3.50
	Elin Appliances Private Limited Employees Gratuity Trust	0.20	3.30	3.10	7.00
	<b>Remuneration of Key Management Personnel</b>				
	Mangi Lall Sethia	1.82	3.04	3.64	3.64
	Kamal Sethia	2.51	4.46	5.52	5.52
	Kishor Sethia	1.99	4.28	5.25	5.25
	Sanjeev Sethia	2.69	4.30	5.29	5.29
	Vinay Kumar Sethia	2.24	3.24	3.88	3.88
	Sumit Sethia	3.17	4.92	-	-
	Vikas Sethia	-	2.43	4.17	3.79
	Sharad Sethia	-	3.81	10.92	9.68
	Gaurav Sethia	2.04	4.15	-	-
	Pradeep Sethia	1.53	1.78	-	-
	Priyanka Sethia	3.56	1.31	-	-
	Avinash Chandra Karwa	1.26	2.09	2.19	1.88
	For further details of the related party transactions, as per the requirements under Ind AS 24 'Related Party Disclosures', see " <i>Related Party Transactions</i> " on page 283.				
<b>Details of all financing arrangements whereby the Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of the 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 this Draft Red Herring Prospectus</b>	Our Promoters, 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 this Draft Red Herring Prospectus.				
<b>Weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year</b>	For details of weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year, see " <i>List of Selling Shareholders</i> " on page 14.				
<b>Details of pre-IPO placement</b>	Our Company is not contemplating a pre-IPO placement.				
<b>Average cost of acquisition of shares of our Promoters and the Selling Shareholders</b>	For details on average cost of acquisition of shares of our Promoter and the Selling Shareholders, refer the section, " <i>List of Selling Shareholders</i> " beginning on page 14 in this Draft Red Herring Prospectus				
<b>Any issuance of Equity Shares in the last one year for consideration other than cash</b>	Except for the Equity Shares issued pursuant to bonus issue, our Company has not issued any Equity Shares in the last one year from the date of this Draft Red Herring Prospectus, for consideration other than cash. For details, see " <i>Capital Structure</i> " on page 66.				

<p><b>Any split/consolidation of Equity Shares in the last one year</b></p>	<p>Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Other than this, our Company has not undertaken any split or consolidation of Equity Shares in one year preceding the date of this Draft Red Herring Prospectus. For further details, see "<i>Capital Structure</i>" on page 66.</p>
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## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. 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. See section titled “Forward-Looking Statements” beginning on page 18. To obtain a complete understanding, prospective investors should read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 164 and 284, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. Investors should consult their tax, financial and legal advisors about particular consequences to them of an investment in the Offer.*

*The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.*

*Unless otherwise specifically indicated the financial information in this section is derived from our Restated Consolidated Financial Statements.*

### INTERNAL RISKS

***1. We are highly dependent on certain key customers for a substantial portion of our revenues. Loss of relationship with any of these customers may have a material adverse effect on our profitability and results of operations.***

We depend on certain customers who have contributed to a substantial portion of our total revenues. Our top 10 customers accounted, cumulatively, for 82.11%, 80.81%, 77.90% and 80.22% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021, respectively. Our largest customer (across our product verticals) accounted for 34.68%, 33.10%, 25.93% and 24.14% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021, respectively. There is no guarantee that we will retain the business of our existing key customers or maintain the current level of business with each of these customers.

While we catered to 267 customers as in six months period ended September 30, 2021, reliance on a limited number of customers for significant revenue may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders from our significant customers, failure to renew contracts with one or more of our significant customers, failure to renegotiate favourable terms with our key customers or the loss of these customers entirely, all of which would have a material adverse effect on the business, financial condition, results of operations and future prospects of our Company. In order to retain some of our existing customers we may also be required to offer terms to such customers which we may place restraints on our resources.

Maintaining strong relationships with our key customers is, therefore, essential to our business strategy and to the growth of our business. Some of these customers have been associated with us for over 20 years. Some of our customers may place demands on our resources or may require us to undertake additional obligations which have the effect of increasing our operating costs and therefore affect our profitability. Additionally, the loss of any key customer, may significantly affect our revenues, and we may have difficulty securing comparable levels of business from other customers to offset any consequent loss. We may also not be able to easily re-allocate our resources and assets in a timely or efficient manner.

In addition, we generate account receivables in connection with providing manufacturing services to our key customers. If one or more of our customers were to become insolvent or otherwise unable to pay for the products supplied by us, this could have a have an impact on our business as we may not be able to recoup the unpaid production costs and materials incurred for manufacturing purposes.

Our profitability also depends on the growth and performance in business of our key customers. In the EMS manufacturing, our revenues are dependent on the sale of products by our customers under their own brand names. We rely on the success of our customers in marketing and selling of these products and therefore any negative impact on their reputation may also have an effect on our business. Accordingly, risks that could seriously harm our key customers could harm us as well, including, recession in the geography in which our key customers operate their businesses, our key customers' inability to effectively manage their operations or changes in laws and policies affecting our customers to operate profitably.

**2. *The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition and results of operations.***

An outbreak of the COVID-19 was recognized as a pandemic by the World Health Organization (“WHO”), on March 11, 2020. In response to the COVID-19 pandemic, the governments of many countries, including India have taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Individuals' ability to travel both within and outside of India have been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures have been lifted and partial travel has been permitted. These measures have impacted and may have a further impact on our workforce and our operations in the jurisdictions in which we operate, the business of our customers and suppliers.

Despite the lifting of the lockdown, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business, operations or potential expansion plans in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways. For example, due to COVID-19 restrictions, our manufacturing facilities at Ghaziabad (Uttar Pradesh) and Baddi (Himachal Pradesh) were shut down for a period of approximately 42 days and 34 days, respectively, from March 2020. However, manufacturing facility at Goa was operational to manufacture medical diagnostic cartridges being an essential product. Post gradual easing of restriction, non-availability of labour for approximately one month also resulted in a slowdown in our operations.

While our operations had slowed down during early 2020 and we have almost resumed to full normalcy with requisite precautions, the actual impact of COVID-19 pandemic on our financial condition remains uncertain and is dependent on spread of COVID-19 and steps taken by the Government to mitigate the economic impact and may differ from our estimates. We are closely monitoring the impact of COVID-19 on our financial condition, liquidity, operations, customers and work force. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this “Risk Factors” section.

Our Statutory Auditor has included emphasis of matters in its examination report on our Restated Financial Statements for the Fiscals 2020 and 2021, in relation to our operations, financial performance and position for the aforesaid financial periods. While no adjustments or modifications have been made to the Restated Financial Statements, we will continue to closely monitor any material changes to future economic conditions, a definitive assessment of the impact of COVID-19 in the subsequent period is dependent upon the circumstances as they evolve. For details, see “Financial Statements” on page 223.

**3. *We do not obtain firm and long-term volume purchase commitments from our customers. If our customers choose not to renew their agreements with us or continue to place orders with us, our business and results of operations will be adversely affected.***

We typically enter into a general purchasing agreement for specific products with our customers which is valid for three years and renewed thereafter. Within this period, products are manufactured and sold on a purchase order basis. Our general purchasing arrangements with our key customers typically include terms, among others, relating to product specifications, project book, delivery schedule, warranties, supply of spare parts, supply chain security and pricing policy. Our key customers also provide us with annual operating plan and enter into scheduling agreements only for the purposes of providing non-binding information for production and manufacturing planning and such orders and agreements do not constitute purchase orders or commitment. Based on these arrangements, our customers provide us with purchase orders which typically include precise terms for lead time for delivery of products, delivery schedule in terms of quantities for certain months.

There is no guarantee that despite having contractual arrangement with our customers, that we are assured of generating revenues in the future as they are not under any obligations to outsource their manufacturing requirements to us.

Accordingly, we are not in a position to predict the extent of revenues that we can generate for each of the products manufactured by us in the future. The short-term nature of our customers' commitments and the changes in demand for their products (which are in turn manufactured by us) could reduce our ability to estimate accurately future customer requirements, make it difficult to schedule production and limit our ability to maximize utilization of our manufacturing capacity.

Accordingly, we face the risk that our customers might not place any order or might place orders of lesser than-expected quantity or may even cancel existing orders (including where deliveries were to be made in the future) or make change in their policies which may result in reduced quantities being manufactured by us for our customers. Although our customers might be contractually obligated to purchase products on specific terms from us for particular orders placed with us, we may be unable to or may choose not to enforce our contractual rights if our customers choose to cancel existing or change or even terminate their orders with us. Cancellations, reductions or instructions to delay production (thereby delaying delivery of products manufactured by us) by any significant customer could adversely affect our results of operations due to reduced sales volume, as well as by possibly causing delay in our customers' paying us for the order placed for purchasing the inventory with us which we would have manufactured for them. Lower utilization of our manufacturing facilities could also result in our realizing lower margins as we may not be able to undertake manufacturing in large numbers which is critical to our business. Consequently, there is no commitment on the part of the customer to continue to place new work orders with us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' preferences.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel requirements and other resource requirements, based on our estimates of customer orders. The short-term nature of our customers' commitments and the changes in demand for their products (which are in turn manufactured by us) could reduce our ability to estimate accurately future customer requirements, make it difficult to schedule production and limit our ability to maximize utilization of our manufacturing capacity. The requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules.

**4. *Our manufacturing facilities are critical to our business. Any disruption in the continuous operations of our manufacturing facilities would have a material adverse effect on our business, results of operations and financial condition.***

We have three manufacturing facilities which are located at Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). Presently, we manufacture our products at these manufacturing facilities, therefore, any disruption to our manufacturing facilities may result in production shutdowns. These facilities are subject to certain operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government and regulatory authorities. Our customers rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical for success of our business.

Further, our electricity requirements for our manufacturing facilities are directly sourced from local utilities. While we maintain power back-up in the form of diesel generator sets, we cannot assure you that we will successfully be able to prevent disruptions in our manufacturing processes in case of non-availability of adequate supply of power.

In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labour dispute or unrest, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. Although we take precautions to minimize the risk of any significant operational problems at our manufacturing facilities, and we have not experienced any such material incidents in the past, there can be no assurance that we will not face such disruptions in the future. Interruptions in production may also increase our costs and reduce our sales and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects. In the event that our Company files a claim under the applicable insurance policy, there is no assurance that we will be able to recover all, or part of the losses incurred.

**5. *Our business and results of operations are dependent on the contracts that we enter into. Any breach of the conditions under these contracts may adversely affect our business and results of operations.***

We enter into contracts with our customers which, depending on the customer, may contain terms and conditions which include among others the nature and specification of products to be manufactured and supplied by us, details of vendors for raw materials that are approved by some of our customers, manner of inspection and testing of products manufactured, representation and warranties made by us in relation to our manufacturing capabilities, process to be followed in case of defects, steps to ensure compliance with applicable laws, quality of products, undertakings in relation to protection of intellectual property of our customers, indemnification of our customers due to our negligence or breach of any term of the agreement, defect warranties in relation to the products manufactured or assembled by us. At times we may have to agree with certain onerous terms laid down by our customers. Such onerous terms may have an effect on our future growth including expansion of customer base.

While we consider all factors internally prior to entering into such contractual agreements, we cannot assure that we will not enter into such agreements in the future. This may result in potential loss of customers as we may not be able to be able to manufacture products for such customers in the future as we may not be willing to work with them. Additionally, non-compliance with the terms of the contractual arrangements may lead to among other damages or penalties, termination of the agreements and will also result in us being unable to attract further business in the future.

**6. *Our continued success is dependent on our senior management and skilled manpower. Our inability to attract and retain key personnel or the loss of services of our senior management may have an adverse effect on our business prospects.***

Our experienced senior management has significantly contributed to the growth of our business, and our future success is dependent on the continued services of our senior management team. However, certain of our Promoters, namely, Suman Sethia and Vasudha Sethia do not have experience in the EMS industry. Further, an inability to retain any key personnel may have an adverse effect on our operations. Our ability to execute orders and to obtain new clients also depends on our ability to attract, train, motivate and retain highly skilled professionals, particularly at managerial levels. We might face challenges in recruiting suitably skilled personnel, particularly as we continue to grow and diversify our operations. In the future, we may also not be unable to compete with other larger companies for suitably skilled personnel due to their ability to offer more competitive compensation and benefits. The loss of any of the members of our senior management team, our executive directors or other key personnel or an inability on our part to manage the attrition levels; may materially and adversely impact our business, results of operations, financial condition and growth prospects.

The success of our business is also dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, designers and other corporate management professionals who have the required experience and expertise. From time to time, it may be difficult to attract and retain qualified individuals with the requisite expertise and we may not be able to satisfy the demand from customers for our services because of our inability to successfully hire and retain qualified personnel. Such skilled personnel may also not be easily available in the market. If we cannot attract and retain qualified personnel, it could have a material adverse impact on our business, financial condition, and results of operations. Moreover, we may be unable to manage knowledge developed internally, which may be lost in the event of our inability to retain employees.

**7. *Our operating results may fluctuate from period to period or be subject to seasonality which may affect our business and financial condition.***

There is a risk that our operating results may fluctuate. Some of the principal factors affecting our operating results include:

- our customers' sales and future business prospect, purchasing patterns and inventory adjustments;
- terms and conditions of the contractual arrangements entered into with customers;
- the mix of the types of products we supply to our customers;
- our effectiveness in managing manufacturing processes, inventory management, making optimal use of available manufacturing capacity;
- breakdown, failure, or substandard performance of equipment and our ability to repair them thereby reducing the impact on manufacturing process;
- changes in demand for our products;
- timing of new technology development and requirement of our qualification in this technology by our customers;
- new product introductions and delays in developing the capability to produce new products;
- our ability to manage the timing of our component purchases so that components are available when needed for production, while avoiding the risks of purchasing such components in excess of immediate production needs;
- our ability to obtain financing in a timely manner; and

- local conditions and events that may affect our production volumes, such as labour conditions and political instability.

The occurrence of any such or other problems could materially and adversely affect our business, financial condition, and results of operation. Thus, it is possible that in some future period our operating results or growth rate may be below the expectations of investors. In addition, sales of consumer-related products may be subject to seasonality. We generally experience seasonal peaks during the third quarter of the year, primarily as a result of increased demand for small appliances and consumer electronics from the holiday season sales. We expect that our ongoing operations will continue to be materially affected by seasonality in our results of operations.

**8. *We may not be able to optimally utilise our backward integration to enhance and support our business which may affect our operations, reputation and profitability.***

We strive to provide end-to-end solutions to our customers, in manufacturing, from solution suite includes global sourcing, fabrication of component and parts, captive manufacturing and assembly, quality testing, packaging and logistics support. We have substantial backward integration of our manufacturing facilities to enable us to be cost efficient, reduce dependency on third party suppliers (providing components) and control quality of components used in the manufacture of products. Among others, we have in-house manufacturing of components and sub-assemblies which supports all our product verticals. We rely on our backward integration for timely and quality manufacturing of our products to fulfil our customers' demands.

Should there be any disruptions or malfunctions at any of our facilities as a result of which the components required for manufacturing the end products are not available on time, we may have to procure such components from third party suppliers which may not be available at short notice in the volume required by us, within the timelines required by us or at the rates favourable to us which may have an adverse effect on our profitability and results of operations. Such failure to procure quality components on time may also harm our reputation and cause our customers to terminate our agreements.

**9. *Our inability to manage the expansion of our products range, customer base and manufacturing capacities, and execute our growth strategy in a timely manner or within budget estimates, or our inability to meet the expectations to track the changing preferences of our customers or other stakeholders could have an adverse effect on our business, results of operations and financial condition.***

Our inability to manage the expansion of our products range, customer base and manufacturing capacities, and execute our growth strategy in a timely manner or within budget estimates, or our inability to meet the expectations to track the changing preferences of our customers or other stakeholders could have an adverse effect on our business, results of operations and financial condition. We intend to continue expansion of our product range, including expanding operations in medical diagnostics equipment, customer base and manufacturing capacities to pursue existing and potential market opportunities.

Our future prospects will depend on our ability to grow our business and operations, which could be affected by many factors, including customer acceptance of products, development of new products and maintaining the quality of our products, general political and economic conditions in the geographies in which we operate, government policies or strategies in respect of specific industries, prevailing interest rates, price of equipment and raw materials.

**10. *Our success also depends to an extent on our research and development capabilities and failure to derive the desired benefits from our product research and development efforts may hurt our competitiveness and profitability.***

Our success is dependent on our ability to maintain quality specifications of our customers and continue to work on and improve production capabilities in both OEM and ODM models. Through our focus on R&D and developing products with our customers, we strive to continually innovate and refresh our products in line with the demands of our customers as well as end-user preferences for better comfort, quality, performance and aesthetics in their products. With our R&D centre, we are able to focus on all aspects of OEM and ODM including concept sketching, design refinement, generating optional features and testing.

We cannot assure you that our quality maintenance, product research and development initiatives will be successful or be completed within the anticipated time frame or budget, or that our products will achieve wide market acceptance from our customers or end-users of our products. Even if such products can be commercially successful, there is no guarantee that they will be accepted by our customers and achieve anticipated sales target or in a profitable manner. Additionally, there can be no guarantee that the time and effort that we spend in research and development would be beneficial to us. There can be no assurance that costs incurred by us towards research and development may reduce the costs incurred by us towards production of these products.

In addition, we cannot assure you that our existing or potential competitors will not manufacture products which are similar or superior to our capabilities. It is often difficult to project the time frame for developing new products and the duration of market window for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we continue to fail in our product launching efforts, our business, prospects, financial condition and results of operations may be materially and adversely affected.

- 11. As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available.**

As on the date of this Draft Red Herring Prospectus, our Company has three Shareholders who hold 642,000 Equity Shares in physical form, which have not been dematerialised. Further, 1,284,000 Equity Shares issued to the abovementioned three Shareholders pursuant to a bonus issue on September 30, 2021 (the “**Bonus Issue**”) have not been credited to their demat accounts, as the details of the demat accounts of such Shareholders have not been provided by such Shareholders and are not available with our Company.

While our Company has made multiple attempts, we have been unable to establish contact with the three Shareholders, as they are either untraceable or non-responsive. Our Company has also made further attempts to establish contact by issuing public notices in *Financial Express*, *Jansatta* and *Arthik Lipi* newspapers on November 10, 2021 informing the three Shareholders of, among others, the sub-division of the face value of the equity shares of our Company from ₹ 10 each to ₹ 5 on September 30, 2021, and the Bonus Issue. In respect of the three Shareholders, we undertake to credit the equity shares resultant from the Bonus Issue of Equity Shares (as adjusted for sub-division) to a demat suspense account “*Elin Electronics Limited – Unclaimed Suspense Account*” prior to filing of the Red Herring Prospectus with the RoC. The equity shares credited to the demat suspense account “*Elin Electronics Limited – Unclaimed Suspense Account*” shall be subject to lock-in for a period of six months from the date of Allotment. If any of the three Shareholders become responsive and establish communication with our Company, we will take necessary corporate actions in accordance with applicable laws.

- 12. Some of our corporate records relating to allotments made by our Company, and transfers and acquisitions of Equity Shares made by our Promoters, are not traceable.**

Our Company has not been able to trace certain corporate records such as RoC form filings and share transfer forms. Kesh Kumari Verma and Akshat Garg & Associates, independent practicing company secretaries have also conducted searches for these records with the RoC and at the Corporate Office of our Company, respectively, and issued certificates each dated November 16, 2021. Such independent practicing secretaries have not been able to retrieve these records. We cannot assure you that the filings were made in a timely manner or at all. Further, we cannot assure you that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these corporate record or filings. While no disputes or regulatory action has arisen in connection with these filings until date, we cannot assure you that no such action will be initiated in the future.

- 13. We source our raw material from suppliers primarily on purchase order basis. Any increase in the cost of our raw material or components, delay, interruption or reduction in the supply of raw materials to manufacture our products may adversely affect our business, results of operations, cash flows and financial condition.**

Our production depends on obtaining adequate supplies of input components on a timely basis. We source our raw materials from both domestic and international markets. Whether domestic or import based, our raw material suppliers are assigned by our customers or independently sourced by us. We typically purchase raw material on purchase order basis.

We also do not have control of the schedules of the suppliers and hence there can be delays in us receiving the raw materials. Similarly, in cases where we import the raw materials, we are also exposed to exchange fluctuations, and we may not be able to control any sudden escalation in prices during the production cycle.

We typically pass-on fluctuation in price of raw material to our customers on a monthly or quarterly basis. We may not be able to pass-on such fluctuation for various reasons which include non-compliance terms and conditions of general purchase agreements with our customers relating to, among others, monitoring quality of raw material and sourcing raw material from suppliers with quality certifications.

In some cases, pursuant to our contractual arrangements and requirements therein, we are required to procure components from certain identified suppliers which are set out by our customers in the agreements that we enter into with them. Therefore, we place reliance on these suppliers, and this generally involves several risks, including a shortage of components, increases in component costs and reduced control over delivery schedules. Also, the capacity of certain of these suppliers may not be equipped to cope with increase in orders on short notice or may prefer other customers to make supplies to over us.

Therefore, irrespective of the mode of our manufacturing activity we are exposed to the risk that we may be unable to acquire necessary raw materials and components for our business on time. At various times, supplies of some of the raw materials and electronic components that we use, have been scarce as a result of strong demand for those input components or problems experienced by suppliers. We may face similar situations or shortages in the future. In addition, in certain circumstances, we are required to source certain key components from suppliers on approved vendor lists, who have been qualified by our customers and we may not be able to obtain alternative sources of supply should such qualified suppliers be unable to supply our requirements in the future.

Shortages of raw materials and components at prices unfavourable to us could result in reduced production or delays in production, which may restrict our capacity to fulfil large orders at short notice or prevent us from making scheduled shipments to customers. Any future inability to accept high volume orders at short notice or make scheduled shipments could cause us to experience a reduction in our sales and could adversely affect our relationship with existing customers as well as prospective customers. Component shortages may also increase our costs of goods sold because we may be required to pay higher prices for components in short supply and redesign or reconfigure products to accommodate substitute components. As a result, component shortages could adversely affect our operating results for a particular period due to the resulting revenue shortfall and increased manufacturing or component costs.

**14. *We may be subject to financial and reputational risks due to product quality and liability issues which may have an adverse effect on our business, financial condition and results of our operations.***

The contracts we enter into with our customers typically include warranties that the products we deliver will be free from defects and perform in accordance with specifications agreed with the customers. To the extent that products shipped by us to our customers do not, or are not deemed to, satisfy such warranties, we could be responsible for repairing or replacing any defective products, or, in certain circumstances, for the cost of effecting a recall of all products which might contain a similar defect, as well as for consequential damages. We are also subject to claims from our customers if end products sold by our customers fail to perform or cause injury, death or damage due to problems in our products due to defects attributable to us. If any of the products sold by us fail to comply with applicable quality standards, it may result in customer dissatisfaction, which may have an adverse effect on our business, sales and results of operations. From time to time, due to human or operational error, orders may not meet the specifications required by those customers and may therefore be rejected by customers. Any ongoing issues with products not meeting required specifications could reduce our revenue and negatively impact our reputation and financial performance.

While we undertake sample-based testing of our products in accordance with the agreements entered into with customers and adjust prices of our products where we provide warranties, the possibility of future product failures could cause us to incur substantial expense to replace defective products, provide refunds or resolve disputes with our customers through litigation, arbitration or other means. There can be no assurance that we will be able to recover any losses incurred as a result of product liability in the future from any third party, or that defects in the products sold by us, regardless of whether we are responsible for such defects, would not adversely affect our standing and reputation in the marketplace and customer relationships, result in monetary losses and have a material adverse effect on our business, financial condition and results of operations.

**15. *We as well as our customers operate in a highly competitive industry. Failure to compete effectively may have an adverse impact on our business, financial condition, results of operations and prospects.***

We as well as our customers operate in a competitive industry, with participants in the organized and the unorganized sector. Some of our competitors in the industry may have greater design, engineering, manufacturing, financial capabilities, or superior resources. Our customers evaluate the product suppliers based on, among other things, manufacturing capabilities, speed, quality, engineering services, flexibility, and costs. Therefore, we are exposed to risks of our competitors having to better resources than us.

Further, OEMs continuously seek to reduce cost. Therefore, our ability to be cost efficient is a critical factor in being preferred by our customers. In addition, major OEMs typically outsource the same type of products to at least two or three outsourcing partners in order to diversify their supply risks. The competitive nature of the industry may result in substantial price competition. The industry could become even more competitive if OEMs fail to significantly increase

their overall levels of outsourcing or start manufacturing in-house. This would result in an increasingly competitive market with a smaller market share for the existing players. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share, any of which would have a material adverse effect on our business, financial condition, and results of operations.

Our customers may opt to transact with our competitors instead of with us or if we fail to develop and provide the technology, quality and skills required by our customers at a rate comparable to our competitors. There can be no assurance that we will be able to competitively develop the higher value add solutions necessary to retain business or attract new customers. There can also be no assurance that we will be able to establish a compelling advantage over our competitors.

***16. We may not be able to successfully develop new production processes and adopt new ODM capabilities if we are unable to identify emerging trends and are not able to predict user preferences.***

The EMS industry is characterized by rapidly changing technology, evolving industry standards, new service and product introductions and changing customer demands. Our ability to anticipate changes in technology and to successfully adopt ODM capabilities on a timely basis is a significant factor in our ability to remain competitive. We evaluate our production processes and ODM capabilities on a regular basis. We believe that our future success will depend in part upon our ability to develop new production processes and enhance ODM capabilities which meet evolving customers' needs and successfully anticipate or respond to technological changes in production processes in a cost-effective manner and on a timely basis.

There can be no assurance that we will be able to secure the necessary technological knowledge or will be successful in developing new manufacturing processes and adopt new ODM capabilities that will allow us to adapt to the changing customer requirements and consumer preferences. If we are unable to develop these in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected.

We cannot assure you that we will be able to install and commission the equipment needed to manufacture products for our customers or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production capacity or other operational efficiency measures at our facilities. As a result, we may incur capital expenditures to develop products to meet customer demands. Our failure to successfully manufacture new products, enhance ODM capabilities, or a failure by our customers to successfully launch new products, could materially adversely affect our results of operations.

***17. Our production capacity may not correspond precisely to its production demand which may affect our results of operations.***

We typically enter into a general purchasing agreement for specific products with our customers which is valid for three years and renewed thereafter. Within this period, products are manufacture and sold a purchase order basis. While depending upon capacity, we decide to accept the purchase orders, on occasion, however, customers may require rapid increases in production beyond our production capacity, and we may not have sufficient capacity or manpower at any given time to meet sharp increases in these requirements. On the other hand, at times there is also a risk of the underutilization of the production line, which may result in lower profit margins. We closely coordinate with customers to have in place regular capacity reports and action plans for common reference and future capacity utilizations. While we closely collaborate with our customers to understand the required technology roadmaps, anticipate changes in technological requirements, and discuss possible future solutions, any mismatch in production demand and our production capacity can adversely affect our profitability or results of operations.

***18. The markets in which our customers compete are characterized by consumers and their rapidly changing preferences and other related factors including lower manufacturing costs and therefore as a result we may be affected by any disruptions in the industry.***

A significant portion of our revenue is attributed to sales of the products in EMS verticals. The market in which we and our customers operate is characterized by rapidly changing technology, evolving industry standards, changing consumer preferences and demand for features, and constant product innovation. These conditions may also result in short product life cycles. Some of the customers for whom we manufacture products may also chose not to continue operations in India for many reasons which can also include customer preferences, among others.

If the end-user demand is low for our customers' products, there may be significant changes in the orders from our customers and we may experience greater pricing pressures. Therefore, risks that could harm the customers of our industry could, as a result, adversely affect us as well. Our success is therefore dependent on the success achieved by

our customers in developing and marketing their products. If our customers' technologies become obsolete or fail to gain widespread commercial acceptance, our customers may experience a reduced demand for their products which may affect our sales to such customers, operating margins depending on the nature of the product, and all of these combined may gradually result in a loss of customers including key ones. However, there can be uncertainty regarding the development and production of these products as planned and failure to anticipate or respond rapidly to advances in technology can have a material adverse effect on our financial condition, results of operations and prospects.

Additionally, industry-wide competition for market share of various products can result in aggressive pricing practices by our customers and therefore our customers may also choose to import some of these products which provide them better cost benefits as compared to us or source the products from our competitors. This price-pressure from our customers may adversely affect the prices of the products which we supply, which may lead to reduced revenues, lower profit margins or loss of market share etc., any of which would have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that our other customers would take similar actions such as cease to have operations in India which may affect our business.

**19. *We operate our manufacturing facilities on land parcels that are held by us on a leasehold as well as a free hold basis.***

We operate our manufacturing facilities on parcels of land that are held by us on a leasehold as well as freehold basis. We have also been allotted land measuring approximately 16,200 square meters and 3,600 square meters on 99 years and 90 years leases in Bhiwadi and Noida, respectively. As on the date of this Draft Red Herring Prospectus, these allotments of land in Bhiwadi and Noida are yet to be registered as leases. For details of the period of our leases, see "Our Business – Properties" on page 187.

We cannot assure you that we will be able to renew or register our leases on commercially acceptable terms, or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing facilities, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

**20. *We have incurred significant capital expenditure in the past and will continue to incur significant capital expenditure in the future, and such expenditure may not yield the benefits we anticipate.***

We may incur significant capital expenditure in the coming future in the ordinary course of business, which is typical to our industry. In Fiscals 2019, 2020 and 2021 and in the six months ended September 30, 2021, our capital expenditure towards additions to fixed assets (property, plant and equipment including capital work in progress and intangible assets) were ₹ 300.96 million, ₹ 326.24 million, ₹ 204.34 million and ₹ 238.45 million, respectively.

Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. We may also require additional financing in order to expand and upgrade our existing manufacturing facilities as well as to construct new facilities. However, we cannot assure you that our operations will be able to generate cash flows sufficient to cover such costs. Further, financing required for such investments may not be available to us on acceptable terms, or at all, and we may be restricted by the terms and conditions of our existing or future financing agreements. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, which could significantly affect financial measures such as our earnings per share. If we decide to raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted.

Further, any inability to obtain sufficient financing could result in the delay, reduction or abandoning of our development and expansion plans. As a result, if adequate capital is not available, there could be an adverse effect on our business and results of operations. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, weather-related delays and technological changes.

Consequently, we cannot assure you that any expansion or improvement of our manufacturing facility, will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that

we incur does not produce anticipated or desired results, our profitability, cash flows and financial condition will be adversely affected.

**21. Our inability to manage our diversified operations may have an adverse effect on our business, results of operations and financial condition.**

A significant portion of our revenue is attributed to sales of the products in EMS verticals. Our product vertical wise revenue for the last three Fiscals and six-month period ended September 30, 2021 is set out below:

Particulars	Period/ fiscal ended							
	March 31, 2019		March 31, 2020		March 31, 2021		September 30, 2021	
	Amount (₹ in million)	% of revenue from operations	Amount (₹ in million)	% of revenue from operations	Amount (₹ in million)	% of revenue from operations	Amount (₹ in million)	% of revenue from operations
EMS	6,657.54	80.35%	6,358.94	80.95%	6,631.85	76.90%	4,026.38	77.69%
- LED lighting, fans and switches	3,161.41	38.16%	2,928.05	37.27%	2557.82	29.66%	1,431.46	27.62%
- Small appliances	2,298.09	27.74%	1,939.00	24.68%	1933.71	22.42%	1,317.65	25.43%
- Fractional horsepower motors	1,020.96	12.32%	1,190.51	15.15%	1843.97	21.38%	1,157.84	22.34%
- Other EMS products	177.08	2.14%	301.38	3.84%	296.35	3.44%	119.43	2.30%
Medical diagnostic cartridges	-	-	42.32	0.54%	420.95	4.88%	139.83	2.70%
Moulded and sheet metal parts and components	1,253.69	15.13%	1,097.18	13.97%	1,232.96	14.30%	855.01	16.50%

Our management requires considerable expertise and skill to manage and allocate an appropriate amount of time and attention to our diverse product verticals. Operating such a diverse product portfolio also makes forecasting future revenue and operating results difficult, which may impair our operations and your ability to assess our prospects. In addition, our cost controls, internal controls, and accounting and reporting systems must be integrated and upgraded on a continual basis to support our diversified business. In order to manage and integrate our business effectively, we will be required to, among other things, maintain customer relationship, implement and continue to improve our operational, financial and management systems, develop the management skills of our managers and continue to train, motivate and manage our employees. If we are unable to manage our diversified operations, our business, results of operations and financial condition may be adversely affected. Further, demand for products is affected by, among other things, changes in technology and user preferences. If such demand were to decrease, our results of operations could be materially adversely affected.

**22. The success of our business and operations are dependent upon certain quality accreditations which are valid for a limited time period. An inability to renew such accreditations in a timely manner, or at all, may adversely affect our business and prospects. We are subject to quality requirements and strict technical specifications and audits by our customers.**

All of our manufacturing facilities have been accredited with management system certificates for compliance with ISO 9001:2015 and ISO 14001:2015. Our manufacturing facility in Ghaziabad (Uttar Pradesh) is also accredited with IATF 16949:2016, valid till 2024. We also have ISO 14001:2004 certification for 'Environment Management System Standard' and TS: 16949: 2016 quality certifications for automotive parts manufacture of injection moulded and sheet metal components and their sub-assemblies. Our R&D unit was recognised by DSIR in the year 1992 and recently such recognition was renewed until March 31, 2024.

Receipt of certifications and accreditations under the standards of quality is important for the success and wide acceptability of our products and also required to be maintained under certain purchasing agreements with our customers for specific products. If we fail to comply with the requirements for applicable quality standards, or if we are otherwise unable to obtain or renew such quality accreditations in the future, in a timely manner, or at all, our business and prospects may be adversely affected.

In addition, we are subject to quality requirements and strict technical specifications and audits by our customers. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations.

**23. *We are subject to certain restrictive covenants in our financing arrangements which may limit our operational and financial flexibility, and our future results of operations and financial condition may be adversely affected if we fail to comply with these covenants.***

Some of our financing agreements set limits on us or require us to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing our business, merging, consolidating, selling significant assets or making certain acquisitions or investments. Further, as per our financing arrangements with some of our lenders we have to obtain their prior written consent before changing or altering our capital structure. In addition, these restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement. For further information, see “*Financial Indebtedness*” on page 314.

We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. In the event that we breach any of these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. Defaults under one or more of our Company’s financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. Such restrictive covenants may restrict our flexibility in managing our business and could in turn adversely affect our business and prospects.

Under these financing agreements, consents from the respective lenders are required for and in connection with the Offer. As on the date of this Draft Red Herring Prospectus, our Company has received all required consents from the relevant lenders in relation to the Offer, except that consent from State Bank of India in connection with the Offer has not been received by our Company, as on the date of this Draft Red Herring Prospectus. Although our Company expects to receive the consents from State Bank of India in connection with the Offer prior to filing the Red Herring Prospectus with RoC, there is no assurance that such lender will provide the requisite consent in a timely manner, or at all. Undertaking the Offer without such consent constitutes a default under the financing arrangement with State Bank of India.

We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our corporate activities from time to time. Compliance with the various terms of such financing arrangements, however, is subject to interpretation and there can be no assurance that we have requested or received all relevant consents from our lenders as contemplated under our financing arrangements. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and may materially and adversely affect our ability to conduct our business and operations or implement our business plans. We cannot assure that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget for our working capital requirements, in which case there may be delays in arranging the additional working capital requirements, which may delay the execution of orders leading to loss of reputation and an adverse effect on the cash flows. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest.

Certain of our Promoters have provided personal guarantees in relation to certain of our loan facilities and may continue to provide such guarantees after the listing of the Equity Shares pursuant to the Offer. In the event that any of these guarantees are revoked or invoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities, as applicable. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result, may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all. Any such failure to raise additional capital could adversely affect our operations and our financial condition. For further details, see “*Financial Indebtedness*” on page 314.

**24. *The activities carried out at our manufacturing facilities can cause injury to people or property in certain circumstances.***

The activities carried out at our manufacturing facilities may be potentially dangerous to our employees. While we employ safety procedures in the operation of our manufacturing facilities and maintain what we believe to be adequate

insurance, there is a risk that an accident may occur at any of our manufacturing facilities. An accident may result in personal injury to our employees, or the labour deployed at our facilities, destruction of property or equipment, manufacturing or delivery delays, environmental damage, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend such litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations, cash flows and prospects.

**25. *If companies with products that we currently manufacture or may manufacture in the future do not continue to outsource manufacturing to electronics manufacturing companies in India, our sales could be adversely affected.***

We are a leading electronics manufacturing services (“EMS”) manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on our overall market, we are projected to be the largest players in this category, with a market share of 12 % in Fiscal 2021. (Source: F&S Report) In addition, we are one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are also one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021. (Source: F&S Report) The Indian electronic market is large, complex, and highly competitive, requires brands to be involved in all activities along the value chain, most brands focus on marketing and after-sales services, leaving manufacturing to EMS providers. Inclination of brands to outsource manufacturing instead of building their own infrastructure is the driving factor for the growth of EMS market. Tier-2 brands are increasingly focusing on product localization, innovative product design and R&D. However, the extensive financial costs involved in setting-up manufacturing, capacity additions/expansions, R&D, manpower, etc. influences them to leverage EMS services. (Source: F&S Report)

We believe that we have benefited from this outsourcing trend in large part due to our flexibility and ability to reduce costs in manufacturing these products. A customer’s decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing. There can be no assurance that the customers will continue to outsource or increase the share of outsourcing. If branded OEMs in electronics market do not continue to outsource the manufacturing of their products or reduce the amount of manufacturing outsourced by them or if our customers decide to perform these functions internally or because they use other providers of these services, our future growth could be limited our sales and operating results may suffer.

**26. *If we fail to keep our technical knowledge and process know-how confidential, we may suffer a loss of our competitive advantage.***

We possess extensive technical knowledge about our products and such technical knowledge has been developed through our own experiences. Our technical knowledge is an independent asset of ours, which may not be adequately protected by intellectual property rights such as patent registration or design registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked (either inadvertently or wilfully), at various stages of the manufacturing process. The potential damage from such disclosure is increased as our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the electronics manufacturing sector could be compromised. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

**27. *Failure to maintain confidential information of our customers could adversely affect our reputation, business, financial condition and results of operations.***

We typically agree to confidentiality terms with our customers for whom we undertake manufacturing. As per these agreements, we are required to keep confidential, the know-how and technical specifications provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers by us or our employees, these customers may terminate their engagements with us and/or initiate litigation for breach of contract, seeking damages and compensation from us. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have an adverse effect on our business,

financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

**28. We had negative cash flows 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 in the past which have been set out below:

Particulars	Fiscal			Six-month period ended September 30, 2021
	2019	2020	2021	
Net cash inflow from /(used in) operating activities	283.18	768.14	(336.43)	112.36
Net Cash flow from / (used in) investing activities	(318.41)	(424.17)	(49.48)	(235.92)
Net Cash flow from/ (used in) financing activities	(37.23)	(284.41)	341.94	122.06
Net increase/(decrease) in cash & cash equivalents	(72.46)	59.56	(43.97)	(1.49)

(₹ in million)

Cash flows of a company is 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 details, see “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 223 and 284, respectively.

**29. Any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on our cash flows, results of operations and financial condition.**

We are exposed to credit risk from our operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. Our total trade receivables (net of provisions for doubtful debts) as of March 31, 2019, March 31, 2020, March 31, 2021, and September 30, 2021, were ₹ 1,374.66 million, ₹ 908.21 million, ₹ 1,826.32 million and ₹ 2,141.71 million, respectively, which were 16.59%, 11.56%, 21.18% and 41.33% of the revenue from operations for the respective financial periods. Any default or delays in payment of receivables by our customers may have adverse effect on cash flows, results of operations and financial condition.

**30. Our business requires us to obtain and renew certain licenses and permits from government, regulatory authorities and the failure to obtain or renew them in a timely manner may adversely affect our business operations.**

Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain certificate of registrations for carrying on certain of our business activities from the Government of India, the State Governments and other such regulatory authorities that are subject to numerous conditions.

Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. We have applied for renewal of license to work under the Factories Act, 1948 for our manufacturing facility in Verna (Goa), as of the date of this Draft Red Herring Prospectus. For further details, see “Government and Other Approvals” on page 320. In the event that we are unable to obtain such approvals in a timely manner or at all, our business operations may be adversely affected.

We may be impleaded in any environmental legal proceedings in the course of our business due to non-compliances with terms and conditions of regulatory approvals or authorizations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, which could divert management time and attention, and consume financial resources in defence or prosecution of such legal proceedings or cause delays in the production, development or commencement of operations of our operations or products. No assurance can be given that we will be successful in all, or any, of such proceedings. Further, clean-up and remediation costs, as well as damages, other liabilities and related litigation, could adversely affect our business, financial condition and results of operations.

**31. *We may be subject to significant risks and hazards when operating and maintaining our manufacturing facilities, for which our insurance coverage might not be adequate.***

We generally perform scheduled and unscheduled maintenance and operating and other asset management services. Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage.

Long periods of business disruption could result in a loss of customers. Although we take precautions to minimize the risk of any significant operational problems at our manufacturing facilities, and we have not experienced any such material incidents in the past, there can be no assurance that we will not face such disruptions in the future.

During the manufacturing process, we may be exposed to various risks which we may not be able to foresee or may not have adequate insurance coverage. Our insurance coverage may not be adequate to cover such loss or damage to life and property, and any consequential losses arising due to such events will affect our operations and financial condition. Further, in addition to the above, any such fatal accident or incident causing damage or loss to life and property, even if we are fully insured or held not to be liable, could negatively affect our reputation, thereby making it more difficult for us to conduct our business operations effectively, and could significantly affect our business, availability of insurance coverage in the future and our results of operations. The occurrence of any one of the above events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for personal injury and property damage and fines and/or penalties.

Our Company has obtained coverage under insurance policies against certain risks. We maintain ongoing insurance policies in order to manage the risk of losses from potentially harmful events, including: (i) fire and perils policies covering, among other, building superstructure, plinth and foundation; plant, machinery and accessories; furniture, fittings, fixtures and other contents; stocks and stocks in process; and (ii) broad form liability insurance. As on September 30, 2021, carrying value of property plant and equipment and inventories is ₹ 2,903.51 million constituting 52.62% of the total assets, of which we have an insurance coverage of 174.99% of the carrying value of such assets. As on September 30, 2021, 47.38% of the total assets is uninsured.

While we believe that the insurance coverage that we maintain is in accordance with industry standards, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our cash flows, results of operations and financial performance could be adversely affected. In the event that our Company files a claim under the applicable insurance policy, there is no assurance that we will be able to recover all, or part of the losses incurred.

**32. *We may not be able to adequately protect or continue to use our intellectual property.***

We have registered certain trademarks in India, and may apply for other intellectual property registrations in the future. We manufacture and sell fractional horsepower motors in our own brand name “Elin”. We have registered the “Elin” trademark under various classes with the Registrar of Trademarks in India under the Trademarks Act, 1999. The other registered trademark we have is “Asian”. Our Company has obtained a copyright for its artistic work and 8 trademark registrations under the Trademarks Act, 1999.

The registration of intellectual property including trademarks is a time-consuming process and there can be no assurance that any registration applications we may pursue will be successful and that such registration will be granted to us. If we fail to register the appropriate intellectual property, or our efforts to protect relevant intellectual property prove to be inadequate, the value attached to our brand and proprietary property could deteriorate, which could have

a material adverse effect on our business growth and prospects, financial condition, results of operations, and cash flows.

In particular, the use of similar trade names by third parties may result in confusion among our customers, and we are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including imitation products, which may adversely affect sale of our products, resulting in a decrease in market share due to a decrease in demand for our products. Such imitation products may not only result in loss of sales but also adversely affect our reputation and consequently our future sales and results of operations. In the event of such unauthorized use, we may be compelled to pursue legal action for the protection of our brand and intellectual property, which may divert our attention and resources thereby affecting our business operations. However, we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be adequate to compensate us for the harm suffered. Additionally, we may provoke third parties to assert counterclaims against us. Any litigation, whether or not it is resolved in our favour, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business operations or financial results. For any of these reasons, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

Our efforts to protect our intellectual property may not be adequate. Unauthorized parties may infringe upon or misappropriate our services or proprietary information. In addition, despite our efforts to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights which may force us to alter our manufacturing processes, obtain additional licenses or cease parts of our operations. We may also be susceptible to claims from third-parties asserting infringement and other related claims. Regardless of their merits, such claims could materially and adversely affect our relationships with current or future customers, result in costly litigation, delay or disrupt supply of products, divert management's attention and resources, subject us to significant liabilities, or require us to cease certain activities. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and cash flows.

**33. *There are outstanding litigations against our Company, Promoter and Subsidiary. An adverse outcome in any of these proceedings may affect our reputation and standing and impact our future business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

As on the date of this Draft Red Herring Prospectus, we are involved in certain tax, regulatory and criminal legal proceedings which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending material civil, tax and criminal proceedings involving our Company, Promoters, Directors, and Subsidiary, as identified by our Company pursuant to the materiality policy adopted by our Board is provided below:

*(In ₹ million, unless otherwise specified)*

Nature of cases	No. of cases	Total amount involved <sup>^</sup>
<b>Litigation involving our Company</b>		
<b><i>Against our Company</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	1	Not quantifiable
<i>Action taken by statutory and regulatory authorities</i>	3	7.59
<i>Taxation cases</i>	21	5.00
<b><i>By our Company</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	Nil	Nil
<b>Litigation involving our Directors other than our Promoters</b>		
<b><i>Against our Directors</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	Nil	Nil
<i>Action taken by statutory and regulatory authorities</i>	Nil	Nil
<i>Taxation cases</i>	Nil	Nil
<b><i>By our Directors</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil

Nature of cases	No. of cases	Total amount involved <sup>^</sup>
<i>Criminal cases</i>	Nil	Nil
<b>Litigation involving our Promoters</b>		
<b><i>Against our Promoters</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	1	Not quantifiable
<i>Action taken by statutory and regulatory authorities</i>	Nil	Nil
<i>Disciplinary action taken against our Promoter in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange.</i>	Nil	Nil
<i>Taxation cases</i>	Nil	Nil
<b><i>By our Promoters</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	Nil	Nil
<b>Litigation involving our Subsidiary</b>		
<b><i>Against our Subsidiary</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	Nil	Nil
<i>Action taken by statutory and regulatory authorities</i>	Nil	Nil
<i>Taxation cases</i>	4	30.68
<b><i>By our Subsidiary</i></b>		
<i>Material civil litigation proceedings</i>	Nil	Nil
<i>Criminal cases</i>	Nil	Nil

<sup>^</sup> To the extent quantifiable

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long-term liabilities or reduce our cash and bank balance. For details, see “*Outstanding Litigation and Other Material Developments*” on page 316.

**34. Non-compliance with increasingly stringent safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, cash flows and financial condition.**

Our operations generate pollutants and waste, some of which may be hazardous and therefore, we are subject to various laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, disposal of bio-medical waste, storage, transport, handling, disposal, employee exposure to hazardous substances and other aspects of our manufacturing operations. Improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We obtain the requisite registrations and approvals from time to time and aim to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other prescribed safety measures. The occurrence of any such event in the future could have an adverse effect on our business, results of operations, cash flows and financial condition.

We may be impleaded in any environmental legal proceedings in the course of our business due to non-compliances with terms and conditions of regulatory approvals or authorizations. For example, our Company was issued a closure letter in 2018 by the Regional Office of the U.P. Pollution Control Board, Ghaziabad (the “**Board**”) pursuant to a report by the National Green Tribunal dated July 6, 2018 listing out 119 industries that were found to be non-compliant with the effluent discharge standards, including our unit at BS Road, Industrial Area, Ghaziabad and demanding the stoppage of discharge of effluents from all units concerned. Subsequently, the Board also filed a complaint against our Company and one of our Promoters, Mr. Kishore Sethia before the Special Court of Judicial Magistrate (Water & Air Pollution Control), Lucknow under section 43 of the Water (Prevention & Control of Pollution) Act, 1974. While our Company is contending the matters, there can be no assurance that the matters will be adjudicated favourably, and consequently affect our business, prospects, reputation, financial position, cash flows and results of operation.

In addition, environmental laws and regulations in India have increasingly become more stringent. The scope and extent of the new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects.

35. *We have certain contingent liabilities not provided for, and our cash flows, financial condition and profitability may be adversely affected if any of these liabilities materialise.*

As of September 30, 2021, the following contingent liabilities, on a consolidated basis, were not provided for in our Restated Financial Statements:

S. No.	Particulars	As of September 30, 2021 (₹ in million)
1.	Unexpired Letters of Credit	19.58
2.	Guarantees given by banks on behalf of the Group	3.50
3.	Claims against the Group towards sales tax, provident fund, GST, income tax and others in dispute not acknowledged as debt	43.28

If any of these liabilities materialize, we may have to fulfil our payment obligations, which may have an adverse impact on our cash flows, financial conditions and results of operations. For details, see “*Financial Statements*” on page 223.

36. *We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and deployment of the Net Proceeds of the Offer are based on management estimates and have not been independently appraised.*

We intend to use the net proceeds of the Offer for the purposes described in the section titled “*Objects of the Offer*” on page 92. The objects of the Offer and our funding requirement is based on management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Offer. 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 management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws, and may have an adverse impact on our business, financial condition, results of operations and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds.

Further, we will appoint a monitoring agency for monitoring the utilisation of Net Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

Further, the application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section “*Risk Factors*”, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

In addition, while we have received quotations, we have not yet placed orders for the machinery and equipment that we propose to purchase from the Net Proceeds of the Offer. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes.

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

Our business depends on our ability to obtain funds at competitive rates. The cost and availability of capital, amongst other factors, is also dependent on our current and future results of operations and financial condition, our ability to effectively manage risks, our brand and our credit ratings. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates if we fail to have favourable results of operations. We had been last rated by India Ratings & Research (Fitch Group) for long-term loans as IND A-/Stable, for fund-based working capital limits as IND A-/Stable/IND A2+ and for non-fund-based working capital limits as IND A2+. Any downgrade made to our credit ratings could lead to high borrowing costs and limit our access to capital and lending markets and, as a result, could adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

38. *Our Statutory Auditor have included certain emphasis of matters/ other matters paragraphs and other observations in the audit reports, including pursuant to the Companies (Auditor’s Reports) Order, 2016.*

Our Statutory Auditor has included emphasis of matters/ other matters paragraphs in the audit reports on the audited consolidated financial statements of our Company, (i) for Fiscals 2021 and 2020, in relation to COVID-19 drawing attention to management's assessment of impact of outbreak of COVID-19 pandemic on its business operations financial results. Our Statutory Auditor's opinion was not modified in respect of these matters; (ii) for Fiscal 2020, drawing attention to consolidated financial statements which describe the Scheme of Amalgamation becoming effective on November 2, 2019, the appointed date being April 1, 2018. Further, audited consolidated financial statements state that pursuant to the Scheme of Amalgamation and consequential effects thereof, the audited consolidated financial statements of the previous year ended March 31, 2019 issued on June 14, 2019 have been restated to give effect to the Scheme of Amalgamation. Our Statutory Auditor's opinion was not modified in respect of these matters; and (iii) for Fiscal 2019, that consolidated financial statements include the share of net profit of ₹ 0.87 million for Fiscal 2019, as considered in consolidated financial statements, in respect of one associate company whose financial statements have not been audited. In our Statutory Auditor's opinion such financial statements were not material to our Company. For details, see "*Financial Statements – Annexure VII – Statement of Adjustments to the Restated Consolidated Financial information*" on page 278.

Further, our Statutory Auditor's has included observations in the audit reports on our audited financial statements for Fiscals 2019, 2020 and 2021, pursuant to the Companies (Auditor's Reports) Order, 2016, in relation to disputed statutory dues outstanding over six months as at March 31 of respective Fiscal aggregating to ₹ 3.50 million (Net of advance) that have not been deposited on account of disputed matters pending before appropriate authorities. Such disputed statutory dues pertain to provident fund dues under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 for period from October 1995 to September 2011. For details, see "*Financial Statements – Annexure VII – Statement of Adjustments to the Restated Consolidated Financial information*" on page 278. There can be no assurance that our statutory auditors will not in the future make any modifications, reservations, qualifications, adverse observations or matters of emphasis in our audited financial statements in this regard.

**39. *We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.***

As at September 30, 2021, we had 4,945 of manpower, including contractual labour out of which 39 workmen were members of trade union in Goa. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. We cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Further, there is no assurance that we will be able to negotiate a favourable wage settlement agreement from time to time, in respect of unionised employees. Any labour disruption may adversely affect our manufacturing operations either by increasing our cost of production or halt a portion or all of our production.

**40. *Our operations depend on the availability of timely and cost -efficient transportation and other logistic facilities and any prolonged disruption may adversely affect our business and results of operations.***

Our operations depend on the timely transport of raw materials to our manufacturing facilities and of our products to our customers. We use land transport for such purposes, which are subject to various bottlenecks and other hazards beyond our control, including weather, strikes or civil disruptions. We typically rely on third party transportation providers to supply most of our raw materials and to deliver products to our customers. Any failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have an adverse effect on our business and results of operations.

**41. *Fraud, theft, employee negligence or similar incidents may adversely affect our results of operations and financial condition.***

Our operations may be subject to incidents of theft or damage to inventory. The business may also encounter some inventory loss on account of employee theft, vendor fraud and general administrative error. While we have not experienced any such instance in the past, there can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse or similar incidents in the future, which could adversely affect our results of operations and financial condition. Additionally, losses due to theft, fire, breakage or damage caused by other casualties, could adversely affect our results of operations and financial condition.

**42. *We engage contract labour for carrying out certain functions of our business operations. Any default on payments to them by the agencies could lead to disruption of the manufacturing facilities and our business operations.***

We engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units and at our offices, such as cleaning and security. Although we do not engage these labourers

directly, we are responsible for any wage payments to be made to such labourers in the event of default by their respective independent contractors. Any requirement to fund such defaulted wage requirements may have an adverse impact on our results of operations and our financial condition.

**43. *While our Company will receive proceeds from the Fresh Issue, it will not receive any proceeds from the Offer for Sale.***

In addition to the Fresh Issue from which our Company will receive proceeds, the Offer includes an Offer for Sale by the Selling Shareholders. The Selling Shareholders include Promoter Selling Shareholders and Other Selling Shareholders, including members of Promoter Group and our Subsidiary (namely, Elin Appliances Private Limited). The Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer Expenses) and our Company will not receive any part of such proceeds. For further details, see “*Capital Structure*” and “*Objects of the Offer*” on pages 66 and 92, respectively.

**44. *Our Promoters and Promoter Group will continue to retain significant shareholding in our Company after the Offer, which will allow them to exercise significant influence over us.***

After the completion of the Offer, our Promoters and Promoter Group will hold approximately [●]% of our outstanding Equity Shares. Accordingly, our Promoters and Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders’ approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. The interests of our Promoters and Promoter Group, as our Company’s significant shareholders, could be different from the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other Shareholders.

**45. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our Company has not declared dividends in the past three Fiscals. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. For further information, see “*Dividend Policy*” on page 222. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders’ investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

**46. *Our Promoters, Managing Director and certain Key Managerial Personnel hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

Our Promoters, Managing Director and Key Managerial Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters, Directors and Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Also, see “*Capital Structure*” and “*Our Management*” on pages 66 and 197, respectively.

**47. *Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***

Pursuant to being engaged by us, Frost & Sullivan, prepared the F&S Report. Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the F&S Report or extracts of the F&S Report. All such information in this Draft Red Herring Prospectus indicates the F&S Report as its source. 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. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely amongst different industry sources. Furthermore, such assumptions may change based on various factors. We cannot assure that the F&S Report 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. Furthermore, the commissioned report is not a recommendation to invest or disinvest in our Company and shall not be construed as an expert advice or investment advice. Prospective investors are advised not to unduly rely on the F&S Report or extracts thereof as included in this Draft Red Herring Prospectus, when making their investment decisions.

**48. *Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates and our future production and capacity may vary.***

For details of our installed capacity and utilisation capacity for various product verticals, see “*Our Business – Our Manufacturing facilities*” on page 174. Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions, estimates and production measures and formula used in calculating such measures of our management, and by Er. B.P. Singh, independent chartered engineer certifying the installed capacity and capacity utilisation vide certificate dated October 14, 2021. Such production measures and formula thereof relate to cycle time estimation, hourly production, daily line capacity, production capacity and machine/ line utilization. Actual production volumes and capacity utilization rates may differ from the estimated production capacities and historical capacity utilization of our manufacturing facilities. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facilities included in this Draft Red Herring Prospectus.

**49. *We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

We have in the past entered into transactions with certain of our related parties and are likely to do so in the future. For details, see “*Related Party Transactions*” on page 283. While we believe that all such transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholders’ approval, as necessary under the Companies Act and the Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

## **EXTERNAL RISKS**

**50. *Political, economic or any other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business primarily in India. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. These external risks include:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in government or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers or other service providers;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or war;
- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years, instability in the financial markets and volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;

- epidemics or any other public health emergency in India or in countries in the region or globally, including in India's various neighbouring countries;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- downgrading of India's sovereign debt rating by rating agencies; and
- international business practices that may conflict with other customs or legal requirements to which we are subject to, including anti-bribery and anti-corruption laws; being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

If such events should impact the national or any regional economies it may have a material adverse impact on our business, financial condition, results of operations and prospects.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. In such instances, and including the instances mentioned below, our business, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Any political instability in India, such as corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

Additionally, the Government of India has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, the implementation of such laws could increase our employee and labour costs, thereby adversely impacting our results of operations, cash flows, business and financial performance.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by the Ministry of Finance, GoI, effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

Further, the GoI has announced the union budget for Fiscal 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill**"), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. We cannot predict whether any amendments made pursuant

to the Finance Act, 2021 would have an adverse effect on our business, financial condition and results of operations. Furthermore, changes in capital gains tax or tax on capital market transactions or the sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance. For further discussion on capital gains tax, see “— *External Risks - You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares*” on page 49.

There can be no assurance that the GoI will not implement new regulations and policies requiring us to obtain approvals and licenses from the GoI or other regulatory bodies, or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment or change to governing laws, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent in the jurisdictions in which we operate 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. It may also have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which could materially harm our results of operations or cash flows. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

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

## **52. *Our business may be adversely affected by competition laws in India.***

The Competition Act, 2002, as amended (“**Competition Act**”), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Furthermore, 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 provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government of India notified and brought into force the provisions under the Competition Act in relation to combinations (the “**Combination Regulation Provisions**”) with effect from June 1, 2011. The Combination Regulation Provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, be mandatorily notified to and pre-approved by the Competition Commission of India (“**CCI**”). In addition, on May 11, 2011, the CCI issued the final 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 Combination Regulation Provisions under the Competition Act. The manner in which the Competition Act and the CCI affect the business environment in India may adversely affect our business, financial condition and results of operations.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may have a material adverse impact on our business, financial condition, results of operations and prospects.

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

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

**54. *A slowdown in economic growth in India or political instability could adversely affect our business.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns and economic volatility and uncertainty could have a material adverse impact on our business, financial condition, results of operations and prospects.

**55. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have a material adverse effect on the trading price of, and returns on, our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend foreign investors receive. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have a material adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**56. *Any adverse revision to India's debt rating by a domestic or international rating agency could adversely affect our business.***

India's sovereign debt rating could be adversely affected due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

## **RISKS RELATING TO THE OFFER AND INVESTMENTS IN OUR EQUITY SHARES**

**57. *An investment in the Equity Shares is subject to general risks related to investments in Indian companies.***

We are incorporated in India and all of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

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

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

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- conditions in financial markets, including those outside India;

- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

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

**59. *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.***

Our Restated Financial Information 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. For further details, see "*Financial Statements*" on page 223.

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 Information 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.

**60. *Any future issuance of our Equity Shares may dilute prospective investors' shareholding, and sales of our Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity that we issue, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any future issuances of Equity Shares or the disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

**61. *QIBs and Non-Institutional Bidders 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 Bidders are not permitted to withdraw their bids after bid/offer closing date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders 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 Bidders 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 Bidders 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.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the

sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional equity interests in us may be reduced.

**63. *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 SEBI 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 SEBI Takeover Regulations.

**64. *Investors may have difficulty enforcing foreign judgments in India against us or our management.***

Substantially all of our directors and executive officers are residents of India and all of our assets are located in India. As a result, it may not be possible for investors to effect service of process on us or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities on us or such directors and executive officers under laws other than Indian Law.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom; however, no reciprocity has been established with the United States. 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 and execution of monetary decrees in the reciprocating jurisdiction, 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. Generally, there are considerable delays in the disposal of suits by Indian courts.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

**65. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares cannot be ensured. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions and changes in economic, legal and other regulatory factors. There is no assurance that investors in the Equity Shares will be able to resell their Equity Shares at or above the Offer Price.

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

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and 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. The Finance Act, 2020, has, among others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, that such dividends not be exempt in the hands of the shareholders, both resident as well as non-resident, and that such dividends likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

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

Further, we 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 on our business, financial condition, results of operations and cash flows. The Government of India had announced the union budget for financial year 2022 and the Finance Act, 2021 received assent from the President of India on March 28, 2021 and was made effective from April 1, 2021. There is no certainty on the impact that the Finance Act, 2021 may have on our business and operations or in the industry we operate in.

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

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA and the rules thereunder. 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 RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required.

Shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, or at all. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT as consolidated in the FDI Policy with effect from October 15, 2020, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which share a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India. Any such approval(s) would be subject to the discretion of the regulatory authorities. Restrictions on foreign investment activities and impact on our ability to attract foreign investors may cause uncertainty and delays in our future investment plans and initiatives. We cannot assure you that any required approval from the relevant governmental agencies can be obtained on any particular terms or at all. Further, if our Company ceases to be “owned and controlled” by resident Indian entities, we will be subject to additional investment and exit restrictions under the FDI Policy and the FEMA.

**68. *Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in***

*this Draft Red Herring Prospectus.*

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, other than India. As such, the Equity Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions. We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

***69. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/ Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/ Offer Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

## SECTION III – INTRODUCTION

### THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
<b>Offer of Equity Shares</b> <sup>(1)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 7,600 million
<i>of which:</i>	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 1,750 million
Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 5,850 million by the Selling Shareholders
<b>The Offer consists of^:</b>	
<b>QIB Portion</b> <sup>(3)(4)</sup>	Not more than [●] Equity Shares aggregating up to ₹ [●] million
<i>of which:</i>	
- Anchor Investor Portion	Up to [●] Equity Shares
- Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
a) Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares
b) Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non-Institutional Portion	Not less than [●] Equity Shares aggregating up to ₹ [●] million
Retail Portion <sup>(5)</sup>	Not less than [●] Equity Shares aggregating up to ₹ [●] million
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer (as of the date of this Draft Red Herring Prospectus)	42,574,200 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Use of Net Proceeds</b>	See “ <i>Objects of the Offer</i> ” on page 92 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

<sup>(1)</sup> The Offer has been authorised by our Board of Directors and the Fresh Issue has been authorised by our Shareholders pursuant to the resolutions passed at their meetings each dated September 6, 2021 and September 30, 2021 respectively. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 8, 2021.

<sup>(2)</sup> Each of the Selling Shareholder, severally and not jointly, confirms that the respective portion of the Offered Shares have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, and are accordingly eligible for being offered for sale in the Offer as required under Regulation 8 of the SEBI ICDR Regulations. For more details, see “List of Selling Shareholders” beginning on page 14.

<sup>(3)</sup> Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” on page 340.

<sup>(4)</sup> Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. 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 the Company, the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made pro rata towards Equity Shares offered by Selling Shareholders, and thereafter, towards the balance Fresh Issue For details, see “Offer Structure” on page 337.

<sup>(5)</sup> Allocation to Bidders in all categories, except the Anchor Investor Portion and the Retail Portion, of any, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis. For details, see “Offer Procedure” on page 340.

For details, including in relation to grounds for rejection of Bids, see “Offer Structure” and “Offer Procedure” on pages 337 and 340, respectively. For details of the terms of the Offer, see “Terms of the Offer” on page 332.

## **SUMMARY OF FINANCIAL INFORMATION**

The summary financial information presented below should be read in conjunction with “*Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 223 and 284, respectively.

*[Remaining page has been intentionally left blank]*

**Restated Consolidated Balance Sheet**
*(All amounts are in INR Millions, unless otherwise stated)*

Particulars	As at			
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Assets</b>				
<b>Non-current Assets</b>				
(a) Property, Plant and Equipment	1,699.57	1,605.15	1,544.22	1,320.51
(b) Capital work-in-progress	76.23	0.56	0.28	4.09
(c) Right-of-use-assets	0.76	0.76	0.78	0.79
(d) Intangible assets (other than Goodwill)	5.35	6.73	0.94	1.48
(e) Financial Assets				
(i) Investments	0.58	0.58	0.51	0.92
(ii) Other Financial Assets	18.10	25.00	18.04	21.88
(f) Other non-current assets	144.13	188.23	150.33	185.01
<b>Total Non Current Assets</b>	<b>1,944.72</b>	<b>1,827.02</b>	<b>1,715.10</b>	<b>1,534.68</b>
<b>Current Assets</b>				
(a) Inventories	1,127.71	1,149.93	799.00	818.08
(b) Financial Assets				
(i) Investments	140.31	135.61	250.80	133.08
(ii) Trade receivables	2,141.71	1,826.32	908.21	1,374.66
(iii) Cash and cash equivalents	45.27	46.76	90.73	31.17
(iv) Bank balances other than (iii) above	7.66	7.03	12.42	1.62
(v) Loans	-	-	-	5.44
(vi) Other Financial Assets	10.00	10.22	10.36	17.58
(c) Current Tax Assets (net)	6.26	6.26	5.71	1.57
(d) Other current assets	100.05	73.92	83.96	59.37
<b>Total Current Assets</b>	<b>3,578.98</b>	<b>3,256.04</b>	<b>2,161.19</b>	<b>2,442.58</b>
<b>Total Assets</b>	<b>5,523.70</b>	<b>5,083.06</b>	<b>3,876.29</b>	<b>3,977.26</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
(a) Equity Share Capital	204.20	68.07	68.07	49.57
(b) Other Equity	2,620.28	2,554.64	2,209.62	1,940.64
<b>Total Equity</b>	<b>2,824.48</b>	<b>2,622.71</b>	<b>2,277.68</b>	<b>1,990.21</b>
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	395.15	371.45	400.66	413.14
(ii) Lease liabilities	1.91	1.93	1.95	1.81
(b) Provisions	7.75	8.69	5.46	5.94
(c) Deferred tax liabilities (Net)	82.86	77.63	55.59	29.64
<b>Total Non Current Liabilities</b>	<b>487.66</b>	<b>459.69</b>	<b>463.66</b>	<b>450.54</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	925.23	766.21	298.27	453.30
(ii) Lease Liabilities	0.06	0.05	0.05	0.05
(iii) Trade payables				
- total outstanding dues of micro and small enterprises	236.98	194.94	102.63	74.69
- total outstanding dues to other than micro and small enterprises	830.06	850.86	578.97	845.84
(iv) Other financial liabilities	128.16	99.46	92.48	101.15
(b) Current Tax liabilities (Net)	24.95	40.63	6.22	11.29
(c) Other current liabilities	58.85	40.91	48.25	42.52
(d) Provisions	7.29	7.60	8.08	7.69
<b>Total Current Liabilities</b>	<b>2,211.57</b>	<b>2,000.66</b>	<b>1,134.94</b>	<b>1,536.51</b>
<b>Total Liabilities</b>	<b>2,699.22</b>	<b>2,460.36</b>	<b>1,598.61</b>	<b>1,987.05</b>
<b>Total Equity and Liabilities</b>	<b>5,523.70</b>	<b>5,083.06</b>	<b>3,876.29</b>	<b>3,977.26</b>

**Restated Consolidated Statement of Profit & Loss**
*(All amounts are in INR Millions, unless otherwise stated)*

Particulars	For the period ended Sept. 30, 2021	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
<b>I INCOME</b>				
Revenue from operations	5,182.46	8,623.78	7,855.84	8,285.45
Other Income	6.80	25.23	7.88	11.92
<b>Total Revenue (I)</b>	<b>5,189.25</b>	<b>8,649.02</b>	<b>7,863.72</b>	<b>8,297.37</b>
<b>II EXPENSE</b>				
Cost of Material Consumed	3,850.45	6,168.18	5,425.68	5,911.24
Purchases of stock-in trade	23.80	119.07	167.89	177.99
Change in inventories of finished goods, work-in progress and stock-in trade	(21.96)	(40.34)	(55.55)	(1.71)
Employee benefits expense	604.63	1,080.23	1,062.93	944.25
Finance Costs	60.64	96.76	117.04	129.70
Depreciation Impairment & amortization expenses	69.27	118.35	94.34	73.00
Other Expenses	347.78	631.85	700.35	683.45
<b>Total Expenses (II)</b>	<b>4,934.61</b>	<b>8,174.10</b>	<b>7,512.67</b>	<b>7,917.93</b>
<b>III Profit before tax (I - II)</b>	<b>254.65</b>	<b>474.92</b>	<b>351.05</b>	<b>379.44</b>
<b>IV Tax expenses</b>				
- Current tax	58.92	109.90	54.40	57.94
- Deferred Tax	2.39	16.45	21.78	30.77
	<b>61.31</b>	<b>126.35</b>	<b>76.18</b>	<b>88.71</b>
<b>V Profit for the period/year (III-IV)</b>	<b>193.33</b>	<b>348.57</b>	<b>274.87</b>	<b>290.74</b>
<b>VI Other comprehensive Income (OCI):</b>				
<b>Items that will not be reclassified to profit or loss</b>				
(i) Remeasurements of defined benefit plans	11.28	(4.83)	16.72	(11.40)
(ii) Income tax on above item	(2.84)	1.22	(4.21)	2.86
(iii) Gain/(Loss) on Equity Instruments designated through OCI	-	0.07	0.09	0.05
<b>Total Other comprehensive income/(loss) for the period/year</b>	<b>8.44</b>	<b>(3.55)</b>	<b>12.61</b>	<b>(8.50)</b>
<b>VII Total comprehensive income for the period/year (V + VI)</b>	<b>201.77</b>	<b>345.02</b>	<b>287.48</b>	<b>282.24</b>
<b>VIII</b>				
<b>Earnings per share from continuing and total operations attributable to the equity holders of the Group [face value of INR 5/- each] (Not Annualised)</b>				
- Basic and diluted (amount in INR)	<b>4.73</b>	<b>8.53</b>	<b>6.73</b>	<b>7.12</b>

**Restated Consolidated Statement of Cash Flows**  
(All amounts are in INR Millions, unless otherwise stated)

Particulars	For the period ended Sept. 30, 2021	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
<b>I Cash flow from Operating Activities :</b>				
<b>Net Profit before taxes</b>	<b>254.65</b>	<b>474.92</b>	<b>351.05</b>	<b>379.44</b>
<b>Adjustments for :</b>				
Depreciation, Impairment and Amortization expenses	69.27	118.35	94.34	73.00
(Gain)/Loss on disposal of property, plant and equipment	(0.83)	3.01	(0.36)	(1.27)
Fair value (gain)/loss on investments	(4.70)	(20.30)	0.41	1.27
Impairment loss, Bad Debts, advances and miscellaneous balances written off	0.21	(0.62)	53.82	4.38
Dividend and interest income classified as investing cash flows	(1.05)	(2.97)	(7.30)	(8.64)
Finance costs (net)	60.64	96.76	117.04	129.70
	<b>123.54</b>	<b>194.23</b>	<b>257.94</b>	<b>198.44</b>
<b>Change in operating assets and liabilities :</b>				
(Increase)/ Decrease in Trade and other receivables	(315.64)	(919.10)	466.46	(295.16)
(Increase)/ Decrease in Inventories	22.22	(350.93)	19.08	(35.51)
Increase/ (Decrease) in Trade payables	21.26	365.81	(292.75)	68.42
(Increase)/ Decrease in other financial assets	6.31	(1.82)	6.21	41.64
(Increase)/ Decrease in other non-current assets	44.10	(37.91)	34.69	(48.98)
(Increase)/ Decrease in other current assets	(26.13)	10.05	(24.59)	21.62
Increase/ (Decrease) in provisions	10.02	(2.08)	16.63	(8.20)
Increase/ (Decrease) in other current liabilities	46.64	(0.36)	(2.94)	15.31
	<b>(191.22)</b>	<b>(936.34)</b>	<b>222.79</b>	<b>(240.85)</b>
<b>Cash generated from operations</b>	<b>186.96</b>	<b>(267.20)</b>	<b>831.79</b>	<b>337.04</b>
Income taxes paid/refund (net)	(74.60)	(69.24)	(63.64)	(53.86)
<b>Net cash inflow from / (used in) operating activities</b>	<b>112.36</b>	<b>(336.43)</b>	<b>768.14</b>	<b>283.18</b>
<b>II Cash flow from Investing activities</b>				
(Payments) for property, plant and equipment including CWIP	(238.45)	(196.79)	(326.24)	(299.91)
(Payments) for Intangible Assets	-	(7.55)	-	(1.05)
Proceeds from sale of property, plant and equipment	1.30	16.00	12.92	10.30
Proceeds/(Payments) from sale of Investment (net)	0.00	135.50	(117.63)	(37.13)
Dividends received	0.03	1.07	3.60	4.58
Interest received	1.20	2.30	3.18	4.80
<b>Net Cash flow from/ (used in) investing activities</b>	<b>(235.92)</b>	<b>(49.48)</b>	<b>(424.17)</b>	<b>(318.41)</b>
<b>III Cash flow from Financing Activities</b>				
Proceeds from borrowings	313.29	603.15	(72.00)	200.27
(Repayment) of borrowings	(130.57)	(164.42)	(95.51)	(107.94)
(Repayment) of lease liabilities	(0.09)	(0.17)	-	-
	<b>182.63</b>	<b>438.56</b>	<b>(167.51)</b>	<b>92.33</b>
Less: Finance Costs paid	(60.56)	(96.62)	(116.90)	(129.56)
<b>Net Cash flow from/ (used in) financing activities</b>	<b>122.06</b>	<b>341.94</b>	<b>(284.41)</b>	<b>(37.23)</b>
<b>IV Net increase/(decrease) in cash &amp; cash equivalents (I + II + III)</b>	<b>(1.49)</b>	<b>(43.97)</b>	<b>59.56</b>	<b>(72.46)</b>
<b>V Cash and cash equivalents at the beginning of the financial year</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>	<b>103.63</b>
<b>VI Cash and cash equivalents at end of the year/period</b>	<b>45.27</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>

**Restated Consolidated Statement of Changes in Equity**  
(All amounts are in INR Millions, unless otherwise stated)

**A. Equity Share Capital**

Particulars	Amount
<b>Balance as at April 1, 2018</b>	<b>49.57</b>
Changes in equity share capital	-
<b>Balance as at March 31, 2019</b>	<b>49.57</b>
Changes in equity share capital	18.50
<b>Balance as at March 31, 2020</b>	<b>68.07</b>
Changes in equity share capital	-
<b>Balance as at March 31, 2021</b>	<b>68.07</b>
Split of Shares into Face Value of Rs. 5 each	-
Bonus shares issued of Rs. 5 each during the period	136.13
<b>Balance as at September 30, 2021</b>	<b>204.20</b>

**B. Other equity**

Particulars	Equity Shares pending allotment pursuant to Scheme	Reserves and Surplus				Other Comprehensive Income		Total
		Securities Premium	Capital Reserve	General Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	
<b>Balance as at April 1, 2018</b>	<b>18.50</b>	<b>59.55</b>	<b>212.17</b>	<b>353.77</b>	<b>985.77</b>	<b>0.07</b>	<b>28.56</b>	<b>1,658.40</b>
Total Comprehensive Income for the year	-	-	-	-	290.74	0.05	(8.54)	282.24
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
<b>Balance as at March 31, 2019</b>	<b>18.50</b>	<b>59.55</b>	<b>212.17</b>	<b>403.77</b>	<b>1,226.51</b>	<b>0.12</b>	<b>20.02</b>	<b>1,940.64</b>
Total Comprehensive Income for the year	-	-	-	-	274.87	0.09	12.51	287.48
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
Issues of equity shares pursuant to scheme of amalgamation	(18.50)	-	-	-	-	-	-	(18.50)
<b>Balance as at March 31, 2020</b>	<b>-</b>	<b>59.55</b>	<b>212.17</b>	<b>453.77</b>	<b>1,451.38</b>	<b>0.21</b>	<b>32.53</b>	<b>2,209.62</b>
Total Comprehensive Income for the year	-	-	-	-	348.57	0.07	(3.62)	345.02
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>59.55</b>	<b>212.17</b>	<b>503.77</b>	<b>1,749.95</b>	<b>0.28</b>	<b>28.92</b>	<b>2,554.64</b>
Total Comprehensive Income for the period	-	-	-	-	193.33	-	8.44	201.77
Transfer to retained earnings	-	-	-	-	-	-	-	-
Utilized for issue of bonus shares	-	-	5.78	(141.91)	-	-	-	(136.13)
<b>Balance as at September 30, 2021</b>	<b>-</b>	<b>59.55</b>	<b>217.95</b>	<b>361.85</b>	<b>1,943.28</b>	<b>0.28</b>	<b>37.36</b>	<b>2,620.28</b>

## GENERAL INFORMATION

Our Company was originally incorporated on March 26, 1982 at Kolkata, West Bengal as a private limited company under the Companies Act, 1956, with the name 'Elin Electronics Private Limited' pursuant to a certificate of incorporation granted by the RoC. Subsequently, the name of our Company was changed to 'Elin Electronics Limited' upon conversion of our Company into a public company pursuant to a special resolution passed by our shareholders on July 27, 1987 and the certificate of incorporation was amended by the RoC consequent upon change of name on conversion to public limited company on November 22, 1987. For further details relating to the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 192.

### Registered Office of our Company

#### Elin Electronics Limited

143, Cotton Street

Kolkata – 700 007

West Bengal, India

Website: [www.elinindia.com](http://www.elinindia.com)

Corporate identity number: U29304WB1982PLC034725

Registration number: 034725

### Corporate Office of our Company

#### Elin Electronics Limited

4771, Bharat Ram Road

23, Daryaganj,

New Delhi – 110002

### The Registrar of Companies

Our Company is registered with the Registrar of Companies, West Bengal at Kolkata, which is situated at the following address:

Nizam Palace

2<sup>nd</sup> MSO Building

2<sup>nd</sup> Floor, 234/4, A.J.C.B. Road

Kolkata - 700 020

West Bengal

### Board of Directors

The following table sets out the brief details of our Board as on the date of this Draft Red Herring Prospectus:

Name of Director	Designation	DIN	Address
Mangi Lal Sethia	Chairman and Wholetime Director	00081367	House no. 4771, Bharat Ram Road, Near Hindi Park, 23, Daryaganj, New Delhi-110002
Kamal Sethia	Managing Director	00081116	House no. 4771, Bharat Ram Road, Near Hindi Park 23, Daryaganj, New Delhi-110002
Sanjeev Sethia	Wholetime Director	00354700	B-141, behind NMC Hospital, Sector 30, Noida, Gautam Buddha Nagar, Uttar Pradesh -201303
Sumit Sethia	Wholetime Director	00831799	Plot No 9, Sagar Co-Operative Housing Socitey, Dona Paula, North Goa - 403004
Kamal Singh Baid	Independent Director	07149567	BQ-48, 2nd Floor, Shalimar Bagh, Delhi-110088
Shilpa Baid	Independent Director	08538622	House no W-151, Second Floor, Greater Kailash Part-2, South Delhi, Delhi 110048
Shanti Lal Sarnot	Independent Director	01899198	Near Mother's International School, B-66,2nd Floor, Sarvodaya Enclave, New Delhi- 110 017
Ashis Chandra Guha	Independent Director	09352987	Flat D-1806, Prateek Wisteria, Plot No GH-001, Sector-77, Gautam Buddha Nagar, Noida-201301

For further details of our Board of Directors, see "*Our Management - Board of Directors*" on page 197.

## Company Secretary and Compliance Officer

Avinash Chandra Karwa is the Company Secretary and Compliance Officer our Company. His contact details are as follows:

C/o Elin Electronics Limited  
4771, Bharat Ram Road, 23,  
Daryaganj, New Delhi – 110002  
**Telephone:** 011 43000400  
**E-mail:** cs@elinindia.com

## Book Running Lead Managers

**Axis Capital Limited**  
1<sup>st</sup> Floor, Axis House  
C-2 Wadia International Center  
Pandurang Budhkar Marg, Worli  
Mumbai – 400 025  
Maharashtra, India  
**Telephone:** +91 22 4325 2183  
**E-mail:** elin.ipo@axiscap.in  
**Website:** www.axiscapital.co.in  
**Investor grievance e-mail:** complaints@axiscap.in  
**Contact person:** Simran Gadh/Pavan Naik  
**SEBI registration no.:** INM000012029

**JM Financial Limited**  
7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai – 400 025  
Maharashtra, India  
**Telephone:** +91 22 6630 3030  
**E-mail:** elin.ipo@jmfl.com  
**Investor grievance e-mail:** Grievance.ibd@jmfl.com  
**Contact person:** Prachee Dhuri  
**Website:** www.jmfl.com  
**SEBI registration no.:** INM000010361

## Syndicate Members

[•]

## Statement of *inter-se* allocation of responsibilities among the BRLMs

The responsibilities and coordination by the BRLMs for various activities in the Offer are as follows:

Sr. No	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, positioning strategy and due diligence of the Company including its operations/management/ business plans/legal etc. Drafting, design and finalizing of the draft red herring prospectus, red herring prospectus and prospectus and of statutory / newspaper advertisements including a memorandum containing salient features of the prospectus. The BRLMs shall ensure compliance with SEBI ICDR Regulations and stipulated requirements and completion of prescribed formalities with the stock exchanges, RoC and SEBI and RoC filings and follow up and coordination till final approval from all regulatory authorities.	Axis, JM	Axis
2.	Drafting and approval of all statutory advertisement.	Axis, JM	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including media monitoring, corporate advertising, brochure, etc. and filing of media compliance report.	Axis, JM	JM
4.	Appointment of intermediaries – Bankers to the Offer, Registrar to the Offer, advertising agency, printers to the Offer including co-ordination for agreements	Axis, JM	Axis
5.	Preparation of roadshow presentation and investor frequently asked questions	Axis, JM	JM
6.	Domestic Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"><li>• Institutional marketing strategy preparation of publicity budget;</li><li>• Finalizing the list and division of domestic investors for one-to-one meetings; and</li><li>• Finalizing domestic road show and investor meeting schedule.</li></ul>	Axis, JM	Axis

Sr. No	Activities	Responsibility	Coordination
	These will be done in consultation with & approval of the management and selling shareholders		
7.	Retail marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Formulating marketing strategies, preparation of publicity budget;</li> <li>• Finalise ad media and public relation strategy;</li> <li>• Finalising centers for holding conferences for stock brokers, investors, etc;</li> <li>• Finalising collection centers as per Schedule III of the SEBI ICDR Regulations; and</li> <li>• Follow-up on distribution of publicity and Offer material including application form, red herring prospectus, prospectus and brochure and deciding on the quantum of the Offer material.</li> </ul>	Axis, JM	Axis
8.	Non-institutional marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Finalising media, marketing and public relations strategy;</li> <li>• Formulating strategies for marketing to Non – Institutional Investors</li> </ul>	Axis, JM	JM
9.	International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Institutional marketing strategy;</li> <li>• Finalizing the list and division of international investors for one-to-one meetings; and</li> <li>• Finalizing international road show and investor meeting schedule</li> </ul>	Axis, JM	JM
10.	Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation and coordination with stock exchanges for book building process, filing of letters including for software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to DSE.	Axis, JM	JM
11.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders.	Axis, JM	JM
12.	<p>Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and banks, unblocking of application monies, intimation of allocation and dispatch of refund to bidders, etc.</p> <p>Post-Offer activities, which shall involve essential follow-up steps including allocation to anchor investors, follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, finalization of trading, dealing and listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Offer, bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.</p> <p>Payment of the applicable securities transaction tax (“STT”) on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.</p> <p>Co-ordination with SEBI and Stock Exchanges for Refund of 1% Security Deposit and Submission of all post Offer reports including the Initial and final Post Offer report to SEBI.</p>	Axis, JM	JM

#### Legal Counsel to the Company as to Indian law

##### J. Sagar Associates

Sandstone Crest

Opposite Park Plaza Hotel

Sushant Lok Phase-I  
Gurgaon 122 009, India  
**Telephone:** +91 124 439 0600

**Legal Counsel to the BRLMs as to Indian law**

**Trilegal**

Peninsula Business Park  
17th Floor, Tower B  
Ganpat Rao Kadam Marg  
Lower Parel (West)  
Mumbai 400 013  
**Telephone:** +91 22 4079 1000

**Registrar to the Offer**

**KFin Technologies Private Limited**  
*(formerly known as “Karvy Fintech Private Limited”)*

Selenium, Tower B,  
Plot No. 31&32, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad, Rangareddi 500 032  
Telangana, India

**Telephone:** +91 40 6716 2222

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

**Investor grievance e-mail:** [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

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

**Contact person:** M Murali Krishna

**SEBI registration no:** INR000000221

**Banker(s) to the Offer**

**Citibank, N.A.**

9th Floor, DLF Square, M - Block,  
Jacaranda Marg, DLF City,  
Phase - 2, Gurgaon - 122 002

**Telephone:** + 91 124-4186908

**Contact person:** Amit Khanduri

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

**Email:** [amit.khanduri@citi.com](mailto:amit.khanduri@citi.com)

**HDFC Bank Limited**

Business Banking ops 3rd Floor Tower A,  
31 Shivaji Marg, Najafgarh Road,  
Industrial Area New Delhi 110015

**Telephone:** + 91 9560921293

**Contact person:** Ashita Chawla

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

**Email:** [Ashita.Chawla@hdfcbank.com](mailto:Ashita.Chawla@hdfcbank.com)

**The Hongkong and Shanghai Banking Corporation Limited**

Institutional Area, Plot No. 68,  
Sector-44, Gurgaon – 122002

**Telephone:** +91 987010 9199

**Contact person:** Nawal Goel

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

**Email:** [nawalgoel@hsbc.co.in](mailto:nawalgoel@hsbc.co.in)

**Escrow Collection Bank(s)**

[●]

## **Public Offer Account Bank(s)**

[•]

## **Refund Bank(s)**

[•]

## **Sponsor Bank**

[•]

## **Designated Intermediaries**

### ***Self-Certified Syndicate Banks***

The list of SCSBs notified by SEBI for the ASBA process is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RII using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, CRTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

### ***SCSBs eligible as Issuer Banks for UPI Mechanism and eligible mobile applications***

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors using the UPI Mechanism may only apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>, <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) and updated from time to time.

### ***Syndicate SCSB Branches***

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

### ***Registered Brokers***

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

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

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

### ***Collecting Depository Participants***

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at

[www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?ipos/asba\\_procedures.htm](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?ipos/asba_procedures.htm), respectively, as updated from time to time. and [www.nseindia.com/products/content/equities/](http://www.nseindia.com/products/content/equities/)

### **Experts**

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

Our Company has received written consent dated November 17, 2021 from the Statutory Auditors, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an ‘expert’ as defined under Section 2(38) of Companies Act, 2013 in respect of the: (i) their examination report dated November 9, 2021 on the Restated Consolidated Financial Statements; and (ii) the statement of special tax benefits dated November 17, 2021 included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Our Company has received written consent from Er. B.P. Singh, Independent Chartered Engineer dated October 14, 2021, October 29, 2021, October 30, 2021, November 14, 2021, November 15, 2021 and November 15, 2021 in relation to (i) the details of our aggregate installed capacity and capacity utilisation; (ii) details of our R&D infrastructure; (iii) details of land area of our manufacturing facilities; (iv) details of power source and back-up at our Company’s manufacturing facilities; (v) production capacity for medical diagnostics cartridges; (vi) details of SMT lines and capacity CPH, respectively, to include its name as required under section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an independent chartered engineer with respect to the certificates issued by him and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

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

Oswal Sunil & Company  
71, Daryaganj New Delhi-110002  
**Telephone:** +91 11-43060999,23251582, 23262902  
**E-mail:** oswalsunil.co@gmail.com  
**Firm registration no.:** 016520N  
**Peer review no.:** 012988

### **Changes in Auditors**

There has been no change in the Statutory Auditors of our Company during the last three years

### **Grading of the Offer**

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

### **Appraising Entity**

No appraising entity has been appointed in relation to the Offer.

### **Monitoring Agency**

Our Company shall in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a Monitoring Agency, prior to filing of the Red Herring Prospectus, for monitoring the utilization of the Net Proceeds. For details in relation to the proposed utilisation of the Net Proceeds, see “*Objects of the Offer*” on page 92.

### **Credit Rating**

As the Offer is of Equity Shares, credit rating is not required.

### **Debenture Trustee**

As the Offer is of Equity Shares, the appointment of a debenture trustee is not required.

### **Green Shoe Option**

No green shoe option is contemplated under the Offer.

## **Filing of this Draft Red Herring Prospectus**

A copy of this Draft Red Herring Prospectus was filed with the SEBI's online portal at <https://siportal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD" and pursuant to Regulation 25(8) of the SEBI ICDR Regulations. A copy of this Draft Red Herring Prospectus has also been filed with SEBI at Corporation Finance Department, Division of Issues and SEBI Bhavan, Plot No. C4 A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India.

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

## **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and Minimum Bid Lot will be decided by our Company, in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Bengali newspaper, Bengali being the regional language of West Bengal, where our Registered Office is located, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company, in consultation with the BRLMs after the Bid/Offer Closing Date.

All investors, other than Anchor Investors, shall only participate through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs. Retail Individual Investors shall 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) by using 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 and Non-Institutional Investors are not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors 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 QIBs (other than Anchor Investors) and Non-Institutional Investors will be on a proportionate basis while allocation to Anchor Investors will be on a discretionary basis. For further details, see "*Terms of the Offer*" and "*Offer Procedure*" on pages 332 and 340, respectively.

**The Book Building Process and the Bidding process are subject to change from time to time, and the Bidders are advised to make their own judgment about investment through the aforesaid processes prior to submitting a Bid in the Offer.**

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

Each Bidder, by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

For further details on the method and procedure for Bidding, see "*Offer Procedure*" on page 340.

## **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 but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

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

The abovementioned underwriting commitment is indicative and will be finalized after determination of the Offer Price and Basis of Allotment and will be subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing 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 on the date of this Draft Red Herring Prospectus, is set forth below.

*(In ₹, except share data)*

Sr. No.	Particulars	Aggregate value at face value (₹)	Aggregate value at Offer Price*
<b>A.</b>	<b>AUTHORIZED SHARE CAPITAL <sup>(1)</sup></b>		
	100,000,000 Equity Shares of face value ₹ 5 each	500,000,000	-
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	42,574,200 Equity Shares of face value ₹ 5 each <sup>#</sup>	212,871,000	-
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	Offer of up to [●] Equity Shares of face value ₹ 5 aggregating to up to ₹ 7,600 million <sup>(2)</sup>	[●]	-
	<i>which includes</i>		
	Fresh Issue of up to [●] Equity Shares of face value ₹ 5 aggregating to up to ₹ 1,750 million <sup>(2)</sup>	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of face value ₹ 5 aggregating to up to ₹ 5,850 million <sup>(2)(3)</sup>	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares of face value ₹ 5 each*	[●]	-
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer <i>(as on the date of Draft Red Herring Prospectus)</i>		59,554,000
	After the Offer		[●]

\* To be included upon finalization of Offer Price.

# As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available. For details, see "Risk Factors - As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available." on page 30.

- (1) For details in relation to changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 192.
- (2) The Offer has been authorized by our Board pursuant to the resolution passed at the board meeting dated September 6, 2021 and by our Shareholders pursuant to their resolution dated September 30, 2021.
- (3) Each Selling Shareholder, severally and not jointly, confirms that their respective portion of the Offered Shares have been held by such Selling Shareholders for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the confirmation and authorization of each of the Selling Shareholders for their participation in the Offer of Sale, see "The List of Selling Shareholders" on page 14.

### Notes to the Capital Structure

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

##### a. History of Equity Share capital

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
March 26, 1982	300	10	10	Cash	Initial subscription to the MoA <sup>(1)</sup>	300	3,000

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
June 18, 1987	9700	10	10	Cash	Further Issue <sup>(2)</sup>	10,000	100,000
February 25, 1991 <sup>^</sup>	2,400,000	10	Not Applicable	Other than cash	Allotment pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company <sup>3</sup>	2,410,000	24,100,000
June 12, 1992	400,000	10	10	Cash	Further Issue <sup>4</sup>	2,810,000	28,100,000
March 10, 1993	500,000	10	10	Cash	Further Issue <sup>5</sup>	3,310,000	33,100,000
August 26, 1995 <sup>^</sup>	2,078,600	10	30	Cash	Further Issue <sup>6</sup>	5,388,600	53,886,000
March 27, 1996 <sup>^</sup>	400,000	10	30	Cash	Further Issue <sup>7</sup>	5,788,600	57,886,000
September 1, 1999	211,600	10	30	Cash	Further Issue <sup>8</sup>	6,000,200	60,002,000
November 1, 2000	229,800	10	30	Cash	Further Issue <sup>9</sup>	6,230,000	62,300,000
June 30, 2003	57,700	10	30	Cash	Further Issue <sup>10</sup>	6,287,700	62,877,000
January 22, 2020	(1,042,000)	10	Not Applicable	Not Applicable	Cancelled pursuant to the Scheme of Amalgamation <sup>11</sup>	5,245,700	52,457,000
January 22, 2020	1,850,000	10	Not Applicable	Other than cash	Allotment pursuant to the Scheme of Amalgamation <sup>12</sup>	7,095,700	70,957,000
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each.							
September 30, 2021 <sup>^^</sup>	28,382,800	5	Not applicable	Not applicable	Bonus issue of Equity Shares in the ratio of two Equity Shares for every one Equity Share held as on September 24, 2021 <sup>13</sup>	42,574,200	212,871,000
<b>Total</b>						<b>42,574,200</b>	<b>212,871,000</b>

<sup>^</sup> The secretarial record, Forms 2 (return of allotment) filed with the RoC in connection with allotment of equity shares on February 25, 1991, August 26, 1995 and March 27, 1996 are untraceable. For further details, see "Risk Factors – Some of our corporate records relating to allotments made by our Company, and transfers and acquisitions of Equity Shares made by our Promoters, are not traceable." on page 30.

<sup>^^</sup> As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available. For details, see "Risk Factors - As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available." on page 30.

(1) Subscription to MoA by Bahadurmal Sethia (100 equity shares); Bridhi Chand Sethia (100 equity shares) and Vinay Kumar Sethia (100 equity shares).

(2) List of allottees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Bahadurmal Sethia	1,300
2.	Bhikamchand Sethia	1,200
3.	Bridhichand Sethia	1,200
4.	Budh Singh Sethia	1,200
5.	Mangi Lall Sethia	1,200
6.	Sushil Kumar Sethia	1,200
7.	Vijay Singh Sethia	1,200

8.	Vinay Kumar Sethia	1,200
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(3) List of allottees who were allotted equity shares pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of equity shares allotted</b>
1.	Bahadormal Sethia	36,000
2.	Bridhichand Sethia	30,000
3.	Mangi Lall Sethia	150,000
4.	Budh Singh Sethia	78,000
5.	Vinay Kumar Sethia	30,000
6.	Sushil Kumar Sethia	30,000
7.	Bhikamchand Sethia	60,000
8.	Vijay Singh Sethia	42,000
9.	Jatan Sethia	30,000
10.	Jhinkar Devi Sethia	150,000
11.	Pradip Sethia	30,000
12.	Alok Sethia	51,000
13.	Ashok Sethia	51,000
14.	Sanjeev Sethia	48,000
15.	Sumermal Sethia	30,000
16.	Rakesh Sethia	60,000
17.	Sajjan Sethia	60,000
18.	Madhuri Sethia	30,000
19.	Vasudha Sethia	150,000
20.	Kamal Sethia	150,000
21.	Premlata Sethia	72,000
22.	Ratni Devi Sethia	72,000
23.	Dilip Sethia	30,000
24.	Suman Sethia	150,000
25.	Indu Devi Sethia	30,000
26.	Deepak Sethia	30,000
27.	Santosh Devi Sethia	30,000
28.	Madhulika Sethia	30,000
29.	Kanchan Sethia	48,000
30.	Motilal Sethia	78,000
31.	Ravi Sethia	60,000
32.	Rajeev Sethia	42,000
33.	Kishore Sethia	150,000
34.	Bhanwarlal Sethia	30,000
35.	Amrao Devi Sethia	30,000
36.	Pukhraj Devi Sethia	30,000
37.	Raikanwari Sethia	36,000
38.	Namrata Sethia	6,000
39.	Manju Sethia	30,000
40.	Keshari Sethia	30,000
41.	Bharati Sethia	60,000
42.	Anuja Sethia	30,000

(4) List of allottees who were allotted equity shares is as follows:

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of equity shares allotted</b>
1.	Kamal Sethia	75,000
2.	Kishore Sethia	75,000
3.	Dilip Sethia	12,000
4.	Motilal Sethia	20,000
5.	Sanjeev Sethia	7,000
6.	Rajeev Sethia	5,000
7.	Bahadormal Sethia	12,000
8.	Bhikamchand Sethia	27,500
9.	Keshri Sethia	12,000
10.	Vinay Kumar Sethia	15,000
11.	Deepak Sethia	7,500
12.	Deepak Sethia	7,500
13.	Bhanwarlal Sethia	6,000
14.	Bridhichand Sethia	18,000

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of equity shares allotted</b>
15.	Vijay Singh Sethia	18,000
16.	Ashok Sethia	9,000
17.	Alok Sethia	9,000
18.	Rakesh Sethia	22,500
19.	Sushil Kumar Sethia	12,000
20.	Budh Singh Sethia	10,000
21.	Ritu Sethia	20,000

(5) List of allottees who were allotted equity shares is as follows:

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of equity shares allotted</b>
1.	Chater Singh Baid	50,000
2.	Karan Singh Baid	10,000
3.	Anand Baid	10,000
4.	Karan Singh Baid	10,000
5.	Virendra Kumar Nahata	12,500
6.	Tolaram Nahata	9,000
7.	Virendra Kumar Nahata	7,500
8.	Kiran Nahata	15,000
9.	Virendra Kumar Nahata	6,000
10.	Ajay Properties and Investments	20,000
11.	P.C. Dhariwal	11,000
12.	B.L. Srimal	15,500
13.	Pradip Baid	10,000
14.	Pradip Baid	10,000
15.	Ram Niwas Sawalka	5,000
16.	Ram Niwas Sawalka	17,500
17.	Ram Niwas Sawalka	7,500
18.	Ashish Khajanchi	5,000
19.	Naveen Khajanchi	5,000
20.	Sushila Devi Khajanchi	10,000
21.	Anand P Vaghani	50,000
22.	Bharti R. Vaghani	20,000
23.	Hemraj Khajanchi	2,000
24.	Shakuntala Devi	2,500
25.	Prakash Chand Nahata	13,000
26.	Kailash Chand Bhutoria	10,000
27.	Navratan Mal Babbhawat	12,500
28.	Subhas Kumar Bhutoria	10,000
29.	Prakash Chand Nahata	9,000
30.	Prakash Chand Nahata	8,000
31.	Kailash Chand Bhutoria	10,000
32.	Dhan Raj Sethia	10,000
33.	Subhaskumar Khajanchi	10,000
34.	Renu Chaudhari	5,000
35.	Bahadurmal Sethia	2,000
36.	Subhas Kumar Khajanchi	2,500
37.	Rajesh Chaudhari	5,000
38.	Jagat Singh Baid	20,000
39.	RNT Fiancne Ltd.	40,000
40.	Subhas Kumar Khajanchi	10,000
41.	Bahadurmal Sethia	2,000

(6) List of allottees who were allotted equity shares is as follows:

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of Equity Shares Allotted</b>
1.	CRB Capital Market Limited	10,70,000
2.	CRB Corporation Limited	3,20,000
3.	CRB Mutual Fund	3,00,000
4.	Shree Bhikshu Foundation Limited	1,70,000
5.	R.K. Credit Co. Pvt. Ltd.	1,70,000
6.	Puranmal Prajapat	100
7.	Sarita Prajapat	100
8.	Lila Prajapat	100
9.	Bajrang Lal Bokaria	500

10.	<i>Pushpa Devi Bokaria</i>	500
11.	<i>Pawan Kumar Bokaria</i>	500
12.	<i>Chanda Chhajer</i>	300
13.	<i>Raj Karan Chhajer</i>	200
14.	<i>Prem Golcha</i>	500
15.	<i>Prabha Baid</i>	500
16.	<i>Prakash Chand Nahata</i>	500
17.	<i>Naveen Khajanchi</i>	500
18.	<i>Manju Baid</i>	500
19.	<i>Madhu Nahata</i>	500
20.	<i>Sonu Sharma</i>	100
21.	<i>Pallavi Agarwal</i>	200
22.	<i>K.N. Tandan</i>	300
23.	<i>Sanjay Yadav</i>	200
24.	<i>Rajendra Yadav</i>	200
25.	<i>Ankush Agarwal and Kumkum Agarwal</i>	200
26.	<i>Pooja Agarwal</i>	200
27.	<i>Kumkum Agarwal</i>	200
28.	<i>Rajendra Prakash Agarwal</i>	200
29.	<i>Sukhbir Singh Choudhary</i>	100
30.	<i>V.P. Tyagi</i>	100
31.	<i>Shalini Gupta</i>	100
32.	<i>Adesh Tomar</i>	500
33.	<i>Harimohan Nandi</i>	100
34.	<i>Prahalad Roy Depura</i>	500
35.	<i>Bimal Kumar Bhansali</i>	500
36.	<i>Girish Datta Bhardwaj</i>	400
37.	<i>Chandra Prakash Sharma</i>	400
38.	<i>Lalit Jain</i>	100
39.	<i>Rajni Kakkar</i>	100
40.	<i>Anju Tandon</i>	200
41.	<i>Motilal Banthia</i>	500
42.	<i>Sudhir Kr. Tandan</i>	200
43.	<i>Bina Malhotra</i>	400
44.	<i>Soni Mehrotra and Aashish Mehrotra</i>	300
45.	<i>Baboolal Baid</i>	100
46.	<i>Pawan Jain</i>	100
47.	<i>Jitendar Banthia</i>	500
48.	<i>Suman Depura</i>	500
49.	<i>Kanhiyalal Jain</i>	500
50.	<i>Kanhiyalal Bhansali</i>	500
51.	<i>Rahul Jain</i>	500
52.	<i>Rajneesh Bhansali</i>	500
53.	<i>Prabha Bothra</i>	500
54.	<i>Rahul Bothra</i>	500
55.	<i>Ranjeet Kr. Bothra</i>	500
56.	<i>Punam Kr. Golchha</i>	500
57.	<i>Kamal Kr. Golchha</i>	500
58.	<i>Shanti Devi Golchha</i>	500
59.	<i>Binod Jain</i>	500
60.	<i>Mamta Sancheti</i>	500
61.	<i>Ashok Kr. Sancheti</i>	500
62.	<i>Krishna Sharma and Virendra Pal Sharma</i>	300
63.	<i>Sunderaram Rammathan Iyer</i>	200
64.	<i>Hansraj Begani</i>	500
65.	<i>Piyush Bengani</i>	500
66.	<i>Suman Bengani</i>	500
67.	<i>Vinita Singhal and Sharad Singhal</i>	500
68.	<i>Sheoraj Singh Yadav and Kailash Yadav</i>	100
69.	<i>Dileep Kochar</i>	500
70.	<i>Shantilal Baid</i>	500
71.	<i>Gaurav Iyer</i>	200
72.	<i>Anita Rammathan Iyer</i>	300
73.	<i>Chandra Kala Devi Bhutoria</i>	500

74.	<i>Suman Devi Bhutoria</i>	500
75.	<i>Kanchan Dhand</i>	100
76.	<i>Tara Mani Doshi</i>	500
77.	<i>Paras Mal Doshi</i>	500
78.	<i>Mukesh Kwatra</i>	500
79.	<i>Raju Kwtra</i>	500
80.	<i>Mohinder Kour</i>	500
81.	<i>Shaloo Kaur</i>	500
82.	<i>Ashok Kr. Bhutoria</i>	500
83.	<i>Narendra Singh Surana</i>	500
84.	<i>Sunil Surana</i>	500
85.	<i>Kamal Pat Surana</i>	500
86.	<i>Sanju Devi Surana</i>	500
87.	<i>Kamal Banthia</i>	500
88.	<i>Askaran Banthia</i>	500
89.	<i>Hemraj Breja</i>	500
90.	<i>Daya Rani Breja</i>	500
91.	<i>Neeta Breja</i>	500
92.	<i>Prakash Bhutoria</i>	500
93.	<i>Pradeep Kr. Garg</i>	100
94.	<i>Ranjana Kochar</i>	500
95.	<i>Chandrakala Surana</i>	500
96.	<i>Pushpa Devi Surana</i>	500
97.	<i>Jitendra Jain</i>	500
98.	<i>Sharmila Jain</i>	500
99.	<i>Pushpa Bhutoria</i>	500
100.	<i>Ranjit Mal Chhajer</i>	500
101.	<i>Prem Borar</i>	500
102.	<i>Panchi Jain</i>	500
103.	<i>Rajkumar Sethia</i>	100
104.	<i>Ram Dayal</i>	100
105.	<i>Prithvi Pal Singh, Dashmesh Chawla and Sudesh Chawla</i>	500
106.	<i>Uttam Singh Chawla</i>	500
107.	<i>Dashmesh Chawla</i>	500
108.	<i>Sudesh Chawla</i>	500
109.	<i>Manoj Chawla</i>	500
110.	<i>Keshari Chand Bhansali</i>	200
111.	<i>Kamal Singh Baid</i>	500
112.	<i>Jain Sukh Bhutoria</i>	500
113.	<i>Renwat Mal Bhutoria</i>	500
114.	<i>Jyoti Ahuja</i>	500
115.	<i>Ajay Kr. Gupta</i>	500
116.	<i>Laxmi Devi Choraria</i>	500
117.	<i>Fateh Chand Choraria</i>	200
118.	<i>Chandra Pal Singh</i>	100
119.	<i>Birdhichand Chhajer</i>	200
120.	<i>Alok Kr. Banthia</i>	200
121.	<i>B.D. Satija</i>	500
122.	<i>Prakash Bengani</i>	500
123.	<i>Prakash Kochar</i>	200
124.	<i>Vijay Bhanwar Borar</i>	500
125.	<i>Ashok Kr. Jain</i>	100
126.	<i>Sampat Surana</i>	500
127.	<i>Sanjay Surana</i>	500
128.	<i>Paras Mal Surana</i>	500
129.	<i>Prithvi Raj Jain</i>	200
130.	<i>Rajeev Jain</i>	200
131.	<i>Poonam Chand Bothra</i>	200
132.	<i>Rahul Chhajer</i>	500

(7) Rosebud Holding Private Limited was allotted 400,000 equity shares.

(8) Shinwa Industries (HK) Limited was allotted 211,600 equity shares

(9) Shinwa Industries (HK) Limited was allotted 229,800 equity shares

(10) Shinwa Industries (HK) Limited was allotted 57,700 equity shares

(11) 603,600 equity shares held by Asian Magnetic Devices Private Limited and 438,400 equity shares held by Rosebud Holding Private Limited were cancelled pursuant to the Scheme of Amalgamation. For more details, please see "History and Certain Corporate Matters – Scheme of Amalgamation" on page 194.

(12) 1,850,000 equity shares of face value ₹ 10 each were allotted to the shareholders of Asian Magnetic Devices Private Limited ("Asian Magnetic") in the ratio of 5:1 (five equity shares of ₹ 10 each of our Company for every one equity share of ₹ 10 each held by Asian Magnetic shareholder) and Rosebud Holding Private Limited ("Rosebud") in the ratio 1:4 (one equity shares of ₹ 10 each of our Company for every four equity shares held by Rosebud shareholder) in the following manner:

<b>Sr. No.</b>	<b>Name of shareholder of Asian Magnetic</b>	<b>Number of equity shares allotted</b>
1.	Pradeep Sethia	37,500
2.	Suman Sethia	393,750
3.	Vasudha Sethia	38,000
4.	Sushil Kumar Sethia	18,750
5.	Manju Sethia	56,250
6.	Sweta Sethia	18,750
7.	Gaurav Sethia	130,750
8.	Dilip Sethia	37,500
9.	Alok Sethia	56,250
10.	Ashnit Sethia	56,250
11.	Rishabh Sethia	37,500
12.	Deepak Sethia	56,250
13.	Premlata Sethia	150,500
14.	Rakesh Sethia	76,000
15.	Sajjan Sethia	28,000
16.	Kanchan Sethia	112,500
17.	Parth Sethia	18,750
18.	Raveena Sethia	31,875
19.	Shivina Sethia	27,375
20.	Miss Rhea Sethia (Minor) through F&N/G Ravi Sethia	20,000
21.	Mast.Shlok Sethia (Minor) through F&N/G Ravi Sethia	500
22.	Sharad Sethia	37,000
23.	Raghav Sethia	3,750
24.	Santosh Devi Sethia	56,250
	<b>Total (A)</b>	<b>1,500,000</b>
<b>Sr. No.</b>	<b>Name of shareholder of Rosebud</b>	<b>Number of equity shares allotted</b>
1.	Mangilall Sethia	28,750
2.	Kamal Sethia	20,000
3.	Suman Sethia	18,750
4.	Kishore Sethia	25,000
5.	Vasudha Sethia	8,750
6.	Gaurav Sethia	2,500
7.	Deepak Sethia & Sons (HUF)	3,500
8.	Nikhil Sethia	3,500
9.	Yugesh Sethia	3,500
10.	Alok Sethia (HUF)	4,250
11.	Namrata Sethia	3,750
12.	Akash Sethia	2,000
13.	Nitisha Sethia	10,000
14.	Anant Sethia	2,000
15.	Alok Sethia	1,250
16.	Ashnit Sethia	3,000
17.	Sushil Kumar Sethia	8,750
18.	Sumit Sethia	2,375
19.	Manju Sethia	3,750
20.	Dilip Sethia	6,250
21.	Pradeep Sethia	8,750
22.	Rishabh Sethia	6,750
23.	Deepak Sethia	2,625
24.	Sajjan Sethia	14,600
25.	Ravi Sethia	14,575
26.	Rakesh Sethia	14,575
27.	Kundan Mal Mangi Lall Sethia (HUF)	16,250
28.	Kamal Sethia & Sons (HUF)	4,375
29.	Kishor Sethia & Sons (HUF)	4,375
30.	Kanika Sethia	2,500

<b>Sr. No.</b>	<b>Name of shareholder of Asian Magnetic</b>	<b>Number of equity shares allotted</b>
31.	Vinay Kumar Sethia & Sons (HUF)	1,750
32.	Vinay Kumar Sethia	4,250
33.	Vikash Sethia	4,500
34.	Sushil Kumar Sethia & Sons	2,000
35.	Keshari Sethia HUF	9,375
36.	Bridhi Chand Sethia & Sons	2,000
37.	Madhuri Sethia	2,500
38.	Vijay Singh Sethia & Sons & HUF	4,500
39.	Vijay Singh Sethia	13,500
40.	Kanchan Sethia	3,750
41.	Sanjeev Sethia	4,500
42.	Santosh Devi Sethia	2,625
43.	Priyanka Sethia	43,750
	<b>Total (B)</b>	<b>350,000</b>
	<b>Total (A+B)</b>	<b>1,850,000</b>

(13) List of allottees who were allotted equity shares is as follows:

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>Number of equity shares allotted</b>
1.	Sajjan Sethia	345,200
2.	Raghav Sethia	681,000
3.	Rakesh Sethia	852,300
4.	Ravi Sethia	830,300
5.	Bridhi Chand Sethia & Sons HUF	205,200
6.	Rhea Sethia	80,000 <sup>#</sup>
7.	Shlok Sethia	2,000
8.	Shivina Kumari Sethia	215,500
9.	Raveena Sethia	233,500
10.	Sumit Sethia	566,800
11.	Nikhil Sethia	142,000
12.	Madhulika Sethia	130,000
13.	Deepak Sethia	543,500
14.	Yugesh Sethia	142,000
15.	Deepak Sethia & Sons HUF	14,000
16.	Prem Lata Sethia	1,868,000
17.	Sharad Sethia	888,200
18.	Priyanka Sethia	329,200
19.	Kanika Sethia	100,000
20.	Vinay Kumar Sethia & Sons HUF	7,000
21.	Motilal Sethia & Sons HUF	154,400
22.	Manju Sethia	910,400
23.	Manju Baid	2,000
24.	Keshari Sethia HUF	61,500
25.	Poonam Chand Bothra	800
26.	Kishore Sethia	2,429,952
27.	Suman Sethia	2,640,000
28.	Gaurav Sethia	2,095,336
29.	Kamal Sethia	1,486,412
30.	Vasudha Sethia	720,600
31.	Sanjeev Sethia	610,400
32.	Shweta Sethia	75,000
33.	Kamal Sethia & Sons HUF	177,500
34.	Sushil Kumar Sethia	110,000
35.	Sushil Kumar Sethia & Sons HUF	8,000
36.	Akash Sethia	74,000
37.	Pradeep Sethia	649,000
38.	Sumit Sethia	9,500
39.	Kanchan Sethia	785,000
40.	Rishabh Sethia	519,000
41.	Vijay Singh Sethia	458,800
42.	Dilip Sethia	441,000
43.	Madhuri Sethia	130,000
44.	Vijay Singh Sethia & Sons HUF	90,000
45.	Elin Appliances Private Limited	1,156,000

46.	Dhani Devi Sethia Trust (Trustee being Mangi Lall Sethia, Kamal Sethia and Kishore Sethia)	70,000
47.	Vinay Kumar Sethia	422,200
48.	Santosh Sethia	543,500
49.	Ashok Sethia	321,200
50.	Nita Sethia	106,000
51.	Nitisha Sethia	40,000
52.	Ashmit Sethia	504,600
53.	Alok Sethia HUF	17,000
54.	Namrata Sethia	254,200
55.	Alok Sethia	553,200
56.	Anant Sethia	74,000
57.	Suman Depura	2,000
58.	Prahalad Ray Depura	2,000
59.	CRB Corporation Limited	1,280,000
60.	Bajrang Lal Bokaria	2,000
61.	Pushpa Devi Bokaria	2,000
62.	Pawan Kumar Bokaria	2,000
63.	Naveen Khajanchi	2,000
64.	Madhu Nahata	2,000
65.	V.P. Tyagi	400
66.	Adesh Tomar	2,000
67.	Bimal Kumar Bhansali	2,000
68.	Narendra Singh Surana	2,000
69.	Pushpa Devi Surana	2,000
70.	Prithviraj Jain	800
71.	Rajeev Jain	800
72.	Parth Sethia	202,600

<sup>#</sup> 80,000 Equity Shares were inadvertently credited to the demat account of Ravi Sethia, instead of to the demat account of Rhea Sethia. Our Company is in the process of rectifying the same.

**b. History of Preference Share capital**

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

**c. Shares issued for consideration other than cash or out of revaluation of reserves**

Except for the allotment of Equity Shares as set forth above in “– Notes to capital structure – Share capital history of our Company”, our Company has not issued any Equity Shares out of revaluation of reserves or for consideration other than cash since its incorporation.

**d. Shares issued under any scheme of arrangement**

Except for the allotment of Equity Shares as set forth above in “– Notes to capital structure – Share capital history of our Company” and “History and Certain Corporate Matters – Scheme of Amalgamation” on page 194, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013, as applicable.

**e. Issue of Shares at a price lower than the Offer Price in preceding one year from date of the Draft Red Herring Prospectus**

Except as disclosed below, our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus, at a price which may be lower than the Offer Price.

Date of allotment	Number of Shares allotted	Face value per Share (₹)	Issue price per Share (₹)	Reasons for allotment	Part of the Promoter Group (Yes/No)	Nature of consideration
September 30, 2021 <sup>^</sup>	28,382,800	5	Not Applicable	Bonus Issue	Yes, to the extent of the shares allotted to Promoters pursuant to Bonus Issue.	Not Applicable

<sup>^</sup> As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available. For details, see "Risk Factors - As on date of this Draft Red Herring Prospectus, 642,000 Equity Shares are held in physical form by three Shareholders of our Company. Further, 1,284,000 Equity Shares issued to such Shareholders pursuant to a bonus issue on September 30, 2021 have not been credited to their demat accounts, as the details of their demat accounts are not available." on page 30.

**f. History of the share capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in the aggregate 16,471,800 Equity Shares, which constitutes 38.69% of the issued, subscribed and paid-up Equity Share capital of our Company.

**g. Build-up of the shareholding of our Promoters in our Company**

The details regarding the shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Date of allotment/transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
<b>(A) Mangi Lal Sethia</b>							
June 18, 1987	Further Issuance	1,200	Cash	10	10	Negligible	[●]
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	150,000	Other than Cash	10	Not Applicable	0.35	[●]
November 4, 1993	Transfer from Ram Niwas Sawalkha <sup>^</sup>	10,000	Cash	10	10	0.02	[●]
November 4, 1993	Transfer from Anand P Vaghani <sup>^</sup>	7,500	Cash	10	10	0.02	[●]
August 20, 1996	Gift to Dhani Devi Sethia Trust	(17,500)	Not Applicable	10	Not Applicable	(0.04)	[●]
January 15, 2007	Transfer from Bhikshu Education & Healthcare Limited	129,200	Cash	10	20	0.30	[●]
March 29, 2007	Transfer from Bhikshu Education & Healthcare Limited	30,000	Cash	10	20	0.07	[●]
March 3, 2014	Transmission From Jhinkar Devi Sethia	282,500	Not Applicable	10	Not Applicable	0.66	[●]
January 22, 2020	Pursuant to the Scheme of Amalgamation	28,750	Other than Cash	10	Not Applicable	0.07	[●]
January 18, 2021	Gift to Kishore Sethia,	(288,713)	Not Applicable	10	Not Applicable	(0.68)	[●]
January 18, 2021	Gift to Gaurav Sethia	(180,834)	Not Applicable	10	Not Applicable	(0.42)	[●]
January 18, 2021	Gift to Kamal Sethia	(152,103)	Not Applicable	10	Not Applicable	(0.35)	[●]
<b>Total</b>		<b>0</b>				<b>0.00</b>	<b>[●]</b>
<b>(B) Kamal Sethia</b>							
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	150,000	Other than Cash	10	Not Applicable	0.35	[●]
June 12, 1992	Further Issuance	75,000	Cash	10	10	0.18	[●]
November 4, 1993	Transfer from Ram Niwas Sawalkha	10,000	Cash	10	10	0.02	[●]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre- Offer capital	% of post- Offer capital
August 20, 1996	Gift to Kamal Sethia & Sons HUF	(40,000)	Not Applicable	10	Not Applicable	(0.09)	[•]
August 20, 1996	Gift to Nidhi Sethia^	(22,500)	Not Applicable	10	Not Applicable	(0.05)	[•]
August 20, 1996	Gift to Tripti Chordia^	(22,500)	Not Applicable	10	Not Applicable	(0.05)	[•]
January 6, 2007	Transfer from Shri Bhikshu Foundation Limited	10,000	Cash	10	20	0.02	[•]
November 3, 2008	Gift from Vasudha Sethia	17,000	Not Applicable	10	Not Applicable	0.04	[•]
July 23, 2018	Gift from Nidhi Shyamsukha	22,500	Not Applicable	10	Not Applicable	0.05	[•]
January 22, 2020	Pursuant to the Scheme of Amalgamation	20,000	Other than Cash	10	Not Applicable	0.05	[•]
January 18, 2021	Gift from Mangi Lal Sethia	152,103	Not Applicable	10	Not Applicable	0.36	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Kamal Sethia, one of our Promoter consequently held 743,206 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	1,486,412	Not Applicable	5	Not Applicable	3.49	[•]
<b>Total</b>		<b>2,229,618</b>				<b>5.23</b>	[•]
<b>(C) Kishore Sethia</b>							
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	150,000	Other than Cash	10	Not Applicable	0.35	[•]
June 12, 1992	Further Issuance	75,000	Cash	10	10	0.18	[•]
November 3, 1993	Transfer from Ram Niwas Sawalka	10,000	Cash	10	10	0.02	[•]
August 20, 1996	Gift to Kishore Sethia & Sons HUF	(40,000)	Not Applicable	10	Not Applicable	(0.09)	[•]
August 20, 1996	Gift to Gaurav Sethi^	(22,500)	Not Applicable	10	Not Applicable	(0.05)	[•]
August 20, 1996	Gift to Kanika Sethia^	(22,500)	Not Applicable	10	Not Applicable	(0.05)	[•]
January 15, 2007	Transfer from Shree Bhikshu Foundation Limited	10,000	Cash	10	20	0.02	[•]
January 15, 2007	Transfer from Shree Bhikshu Education Healthcare Limited	60,000	Cash	10	20	0.14	[•]
March 29, 2007	Transfer from Shree Bhikshu Education Healthcare Limited	15,800	Cash	10	20	0.04	[•]
November 3, 2008	Gift from Vasudha Sethia	13,600	Not Applicable	10	Not Applicable	0.03	[•]
November 3, 2008	Transfer from Kishore Sethia & Sons HUF	40,000	Cash	10	20	0.09	[•]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
January 22, 2020	Pursuant to the Scheme of Amalgamation	25,000	Other than Cash	10	Not Applicable	0.06	[•]
January 18, 2021	Gift from Mangi Lall Sethia	288,713	Not Applicable	10	Not Applicable	0.68	[•]
January 25, 2021	Shares received on partition of Kishore Sethia & Sons HUF	4,375	Other than Cash	10	Not Applicable	0.01	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Kishore Sethia, one of our Promoter consequently held 1,214,976 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	2,429,952	Not Applicable	5	Not Applicable	5.71	[•]
<b>Total</b>		<b>3,644,928</b>				<b>8.56</b>	[•]
<b>(D) Gaurav Sethia</b>							
August 20, 1996	Gift from Kishore Sethia	22,500	Not Applicable	10	Not Applicable	0.05	[•]
November 03, 2008	Gift from Vasudha Sethia	111,000	Not Applicable	10	Not Applicable	0.26	[•]
January 22, 2020	Pursuant to the Scheme of Amalgamation	133,250	Other than Cash	10	Not Applicable	0.31	[•]
January 18, 2021	Gift from Mangi Lall Sethia	180,834	Not Applicable	10	Not Applicable	0.42	[•]
January 21, 2021	Shares received on partition of Kundan Mal Mangi Lall Sethia (HUF)	76,250	Other than Cash	10	Not Applicable	0.18	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Gaurav Sethia, one of our Promoter consequently held 1,047,668 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	2,095,336	Not Applicable	5	Not Applicable	4.92	[•]
<b>Total</b>		<b>3,143,004</b>				<b>7.38</b>	[•]
<b>(E) Sanjeev Sethia</b>							
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	48,000	Other than Cash	10	Not Applicable	0.11	[•]
June 12, 1992	Further Issuance	7,000	Cash	10	10	0.02	[•]
April 6, 1994	Transfer from Tola Ram Nahata	9,000	Cash	10	10	0.02	[•]
April 6, 1994	Transfer from Naveen Khajanchi <sup>^</sup>	5,000	Cash	10	10	0.01	[•]
April 6, 1994	Transfer from Hemraj Khajanchi <sup>^</sup>	2,000	Cash	10	10	0.01	[•]
April 6, 1994	Transfer from Rajesh Chaudhari	5,000	Cash	10	10	0.01	[•]
April 6, 1994	Transfer from Renu Chaudhari	5,000	Cash	10	10	0.01	[•]
October 23, 2009	Transfer from Sethia Oil Industries Ltd	67,100	Cash	10	20	0.16	[•]

Date of allotment/transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
January 22, 2020	Pursuant to the Scheme of Amalgamation	4,500	Other than Cash	10	Not Applicable	0.01	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Sanjeev Sethia, one of our Promoter consequently held 3,05,200 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	610,400	Not Applicable	5	Not Applicable	1.43	[•]
<b>Total</b>		<b>915,600</b>				<b>2.15</b>	<b>[•]</b>
<b>(F) Suman Sethia</b>							
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	150,000	Other than Cash	10	Not Applicable	0.35	[•]
April 6, 1994	Transfer from Arun Kumar Nahata	13,000	Cash	10	10	0.03	[•]
April 6, 1994	Transfer from Pankaj Kumar Nahata	9,000	Cash	10	10	0.02	[•]
April 6, 1994	Transfer from Priyanka Nahata	8,000	Cash	10	10	0.02	[•]
January 15, 2007	Transfer from Shree Bhikshu Foundation Ltd	45,000	Cash	10	20	0.10	[•]
August 31, 2013	Gift from Tripti Sethia	22,500	Not Applicable	10	Not Applicable	0.05	[•]
January 22, 2020	Pursuant to the Scheme of Amalgamation	412,500	Other than Cash	10	Not Applicable	0.97	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Suman Sethia, one of our Promoter consequently held 1,320,000 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	2,640,000	Not Applicable	5	Not Applicable	6.20	[•]
<b>Total</b>		<b>3,960,000</b>				<b>9.30</b>	<b>[•]</b>
<b>(G) Sumit Sethia</b>							
March 30, 2002	Gift from Shivangi Sethia	12,000	Not Applicable	10	Not Applicable	0.03	[•]
March 30, 2002	Transmission from Bhanwar Lal Sethia	25,000	Not Applicable	10	Not Applicable	0.06	[•]
October 4, 2004	Gift from Sushil Kumar Sethia	33,200	Not Applicable	10	Not Applicable	0.08	[•]
October 4, 2004	Gift from Pukhraj Devi Sethia	30,000	Not Applicable	10	Not Applicable	0.07	[•]
January 15, 2007	Transfer from R.K.Credit Co. Private Limited	8,000	Cash	10	20	0.02	[•]
October 23, 2009	Transfer from Sethia Oil Industries Limited	33,500	Cash	10	20	0.08	[•]
January 22, 2020	Pursuant to the Scheme of Amalgamation	2,375	Other than Cash	10	Not Applicable	0.01	[•]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Sumit Sethia, one of our Promoter consequently held 288,150 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	576,300	Not Applicable	5	Not Applicable	1.35	[●]
<b>Total</b>		<b>864,450</b>				<b>2.03</b>	<b>[●]</b>
<b>(H) Vasudha Sethia</b>							
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	150,000	Other than Cash	10	Not Applicable	0.35	[●]
April 6, 1994	Transfer from Dhan Raj Sethia <sup>^</sup>	7,500	Cash	10	10	0.02	[●]
April 6, 1994	Transfer from Subhash Khajanchi <sup>^</sup>	22,500	Cash	10	10	0.05	[●]
January 15, 2007	Transfer from Shree Bhikshu Foundation Limited	45,000	Cash	10	20	0.11	[●]
January 15, 2007	Transfer from Bhikshu Education & Healthcare Ltd	50,000	Cash	10	20	0.12	[●]
November 3, 2008	Gift to Gaurav Sethia	(111,000)	Not Applicable	10	Not Applicable	(0.26)	[●]
November 3, 2008	Gift to Kamal Sethia	(17,000)	Not Applicable	10	Not Applicable	(0.04)	[●]
November 3, 2008	Gift to Kishore Sethia	(13,600)	Not Applicable	10	Not Applicable	(0.03)	[●]
January 22, 2020	Pursuant to the Scheme of Amalgamation	46,750	Other than Cash	10	Not Applicable	0.11	[●]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Vasudha Sethia, one of our Promoter consequently held 360,300 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	720,600	Not Applicable	5	Not Applicable	1.69	[●]
<b>Total</b>		<b>1,080,900</b>				<b>2.54</b>	<b>[●]</b>
<b>(I) Vinay Kumar Sethia</b>							
March 26, 1982	Initial subscription to the MoA	100	Cash	10	10	Negligible	[●]
June 18, 1987	Further Issuance	1,200	Cash	10	10	Negligible	[●]
February 25, 1991	Pursuant to the scheme of amalgamation of Elin Audio Component Private Limited and the Company	30,000	Other than Cash	10	Not Applicable	0.07	[●]
June 12, 1992	Further Issuance	15,000	Cash	10	10	0.04	[●]
April 22, 1994	Transfer from Karan Singh Baid <sup>^</sup>	7,000	Cash	10	10	0.02	[●]

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
August 20, 1996	Gift to Vikas Sethia <sup>^</sup>	(22,000)	Not Applicable	10	Not Applicable	(0.05)	[•]
January 15, 2007	Transfer from R.K. Credit Co. Pvt Ltd	10,000	Cash	10	20	0.02	[•]
October 23, 2009	Transfer from Sethia Oil Industries Ltd	16,500	Cash	10	20	0.04	[•]
January 22, 2020	Pursuant to the Scheme of Amalgamation	4,250	Other than Cash	10	Not Applicable	0.01	[•]
January 22, 2021	Gift From Vikash Sethia	43,500	Not Applicable	10	Not Applicable	0.10	[•]
Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each. Pursuant to the sub-division, Vasudha Sethia, one of our Promoter consequently held 211,100 Equity Shares of face value of ₹ 5 each.							
September 30, 2021	Pursuant to bonus issuance of Equity Shares	422,200	Not Applicable	5	Not Applicable	0.99	[•]
<b>Total</b>		<b>633,300</b>				<b>1.49</b>	<b>[•]</b>

<sup>^</sup> The share transfer forms in connection with transfer of equity shares are untraceable. For further details, see "Risk Factors – Some of our corporate records relating to allotments made by our Company, and transfers and acquisitions of Equity Shares made by our Promoters, are not traceable." on page 30.

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

#### ***h. Shareholding of our Promoters and Promoter Group***

Except as disclosed below, the members of the Promoter Group (other than our Promoter) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	Number of Equity Shares	% of the pre-Offer capital
<b><i>Promoter Group</i></b>			
1.	Kanika Sethia	150,000	0.35
2.	Santosh Sethia	815,250	1.92
3.	Vijay Singh Sethia	688,200	1.62
4.	Kanchan Sethia	1,177,500	2.77
5.	Sushil Sethia	165,000	0.39
6.	Parth Sethia	303,900	0.71
7.	Deepak Sethia	815,250	1.91
8.	Sweta Sethia	112,500	0.26
9.	Dhani Devi Sethia Trust	105,000	0.25
10.	Kamal Sethia & Sons HUF	266,250	0.63
11.	Vijay Singh Sethia & Sons HUF	135,000	0.31
12.	Vinay Kumar Sethia & Sons HUF	10,500	0.03
13.	Deepak Sethia & Sons HUF	21,000	0.05
14.	Sushil Kumar Sethia & Sons HUF	12,000	0.03
15.	Elin Appliances Private Limited	1,734,000	4.07
<b>Total</b>		<b>6,511,350</b>	<b>15.29</b>

Except as disclosed above in the “- Build-up of the shareholding of our Promoters in our Company” given on page 75, none of the members of the Promoter Group, our Directors and their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

#### ***2. Details of Promoters' contribution and lock-in***

- (i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked in for a period of eighteen months as minimum promoter's contribution from the date of Allotment (“**Minimum Promoter's Contribution**”) and the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall

be locked in for a period of six months from the date of Allotment.

- (ii) Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment as Minimum Promoter's Contribution are set forth in the table\* below:

Name of Promoters	Number of Equity Shares locked-in	Date of allotment / transfer of Equity Shares	Date of transaction when fully paid up	Nature of allotment	Face Value per Equity Share (₹)	Issue/ Acquisition price per Equity Share (₹)	Percentage of the pre- Offer paid-up capital (%)	Percentage of the post- Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
<b>Total</b>	[•]						[•]	[•]	[•]

\* To be updated prior to filing of the Prospectus with the RoC

- (iii) Our Company undertakes that the Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:

- (a) The Equity Shares offered for Minimum Promoter's Contribution do not include Equity Shares acquired during the three immediately preceding years (i) for consideration other than cash, and revaluation of assets or capitalisation of intangible assets and have not been issued against Equity Shares which are otherwise ineligible for computation of Minimum Promoter's Contribution, (ii) pursuant to a bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Minimum Promoter's Contribution;
- (b) The Minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (c) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm;
- (d) The Equity Shares forming part of the Minimum Promoter's Contribution are not subject to any pledge; and
- (e) All the Equity Shares held by our Promoters are held in dematerialised form.

**a. Details of Equity Shares locked-in for six months**

In addition to the Minimum Promoter's Contribution, which will be locked in for eighteen months as specified above, the entire pre-Offer Equity Share capital held by persons (including those Equity Shares held by our Promoters in excess of the Promoter's contribution) will be locked-in for a period of six months from the date of Allotment in the Offer, except Offered Shares and any other categories of shareholders exempted under Regulation 17 of the SEBI ICDR Regulations. Any unsubscribed portion of the Offered Shares would also be locked-in as required under Regulation 17 of the SEBI ICDR Regulations.

**b. Lock-in of Equity Shares Allotted to Anchor Investors**

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

**c. Other lock-in requirements:**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters 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 six months from the date of Allotment, such pledge of

- (ii) the Equity Shares must be one of the terms of the sanction of the loan; and with respect to the Equity Shares locked-in as Minimum Promoter's Contribution for eighteen months 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 to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be transferred to and amongst the members of our Promoter Group or to any new promoter, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Offer and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations. However, it should be noted that the Offered Shares which will be transferred by the respective Selling Shareholders in the Offer for Sale shall not be subject to lock-in.

***d. Recording on non-transferability of Equity Shares locked-in***

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

### 3. Shareholding Pattern of our Company

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number 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)			Number 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)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	23	22,983,150	-	-	22,983,150	53.98	21,249,150*	-	21,249,150*	52.03*	-	53.98	-	-	-	-	22,983,150
(B)	Public	47	19,591,050	-	-	19,591,050	46.02	19,591,050	-	19,591,050	47.97	-	46.02	-	-	-	-	17,665,050
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>70</b>	<b>42,574,200</b>	<b>-</b>	<b>-</b>	<b>42,574,200</b>	<b>100</b>	<b>40,840,200</b>	<b>-</b>	<b>40,840,200</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,648,200</b>

\* In terms of section 19 of the Companies Act, 2013, Elin Appliances Private Limited, our Material Subsidiary does not have a right to vote in respect of 1,734,000 Equity Shares held by it in our Company.

4. The BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares as on the date of this Draft Red Herring Prospectus. The BRLMs and their respective 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, for which they may in the future receive customary compensation.

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

Sl. No.	Name	No. of Equity Shares	% of pre-Offer capital <sup>^</sup>	% of post-Offer capital
<i>Director(s)</i>				
1.	Kamal Sethia	2,229,618	5.24	[●]
2.	Sanjeev Sethia	915,600	2.15	[●]
3.	Sumit Sethia	864,450	2.03	[●]
	<b>Total</b>	<b>4,009,668</b>	<b>9.42</b>	<b>[●]</b>
<i>Key Managerial Personnel (other than Executive Director)</i>				
1.	Kishore Sethia	3,644,928	8.56	[●]
2.	Vinay Kumar Sethia	633,300	1.49	[●]
	<b>Total</b>	<b>4,278,228</b>	<b>10.05</b>	<b>[●]</b>

<sup>^</sup>Percentage of the pre-Offer capital has been adjusted for sub-division of equity shares of our Company

6. **Details of equity shareholding of the major equity Shareholders of our Company**

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 70 shareholders.
- (b) Set forth below are details of shareholders holding 1% or more of the paid-up Share Capital of our Company as on the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Pre-Offer	
		No. of Equity Shares of face value of ₹ 5 each*	% of Equity Share capital
1.	Suman Sethia	3,960,000	9.30
2.	Kishore Sethia	3,644,928	8.56
3.	Gaurav Sethia	3,143,004	7.38
4.	Prem Lata Sethia	2,802,000	6.58
5.	Kamal Sethia	2,229,618	5.24
6.	Elin Appliances Private Limited	1,734,000	4.07
7.	CRB Corporation Limited*	1,920,000	4.51
8.	Manju Sethia	1,365,600	3.21
9.	Sharad Sethia	1,332,300	3.13
10.	Rakesh Sethia	1,278,450	3.00
11.	Ravi Sethia	1,365,450 <sup>#</sup>	3.21
12.	Kanchan Sethia	1,177,500	2.77
13.	Vasudha Sethia	1,080,900	2.54
14.	Raghav Sethia	1,021,500	2.40
15.	Pradeep Sethia	973,500	2.29
16.	Sanjeev Sethia	915,600	2.15
17.	Sumit Sethia	864,450	2.03
18.	Alok Sethia	829,800	1.95
19.	Santosh Sethia	815,250	1.91
20.	Deepak Sethia	815,250	1.91
21.	Rishabh Sethia	778,500	1.83
22.	Ashnit Sethia	756,900	1.78
23.	Vijay Singh Sethia	688,200	1.62
24.	Dilip Sethia	661,500	1.55
25.	Vinay Kumar Sethia	633,300	1.49
26.	Sajjan Sethia	517,800	1.22
27.	Priyanka Sethia	493,800	1.16
28.	Ashok Sethia	481,800	1.13
	<b>Total</b>	<b>38,280,900</b>	<b>89.92</b>

\* Including Equity Shares to be credited in "Elin Electronics Limited – Unclaimed Suspense Account".  
# 80,000 Equity Shares were inadvertently credited to the demat account of Ravi Sethia, instead of to the demat account of Rhea Sethia. Our Company is in the process of rectifying the same.

- (c) Set forth below are details of shareholders holding 1% or more of the paid-up Share Capital of our Company as on 10 days prior to the date of filing of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	Pre-Offer	
		No. of Equity Shares of face value of ₹ 5 each *	% of Equity Share capital
1.	Suman Sethia	3,960,000	9.30
2.	Kishore Sethia	3,644,928	8.56
3.	Gaurav Sethia	3,143,004	7.38
4.	Prem Lata Sethia	2,802,000	6.58
5.	Kamal Sethia	2,229,618	5.24
6.	Elin Appliances Private Limited	1,734,000	4.07
7.	CRB Corporation Limited*	1,920,000	4.51
8.	Manju Sethia	1,365,600	3.21
9.	Sharad Sethia	1,332,300	3.13
10.	Rakesh Sethia	1,278,450	3.00
11.	Ravi Sethia	1,365,450 <sup>#</sup>	3.21
12.	Kanchan Sethia	1,177,500	2.77
13.	Vasudha Sethia	1,080,900	2.54
14.	Raghav Sethia	1,021,500	2.40
15.	Pradeep Sethia	973,500	2.29
16.	Sanjeev Sethia	915,600	2.15
17.	Sumit Sethia	864,450	2.03
18.	Alok Sethia	829,800	1.95
19.	Santosh Sethia	815,250	1.91
20.	Deepak Sethia	815,250	1.91
21.	Rishabh Sethia	778,500	1.83
22.	Ashnit Sethia	756,900	1.78
23.	Vijay Singh Sethia	688,200	1.62
24.	Dilip Sethia	661,500	1.55
25.	Vinay Kumar Sethia	633,300	1.49
26.	Sajjan Sethia	517,800	1.22
27.	Priyanka Sethia	493,800	1.16
28.	Ashok Sethia	481,800	1.13
	<b>Total</b>	<b>38,280,900</b>	<b>89.92</b>

\* Including Equity Shares to be credited in "Elin Electronics Limited – Unclaimed Suspense Account".  
# 80,000 Equity Shares were inadvertently credited to the demat account of Ravi Sethia, instead of to the demat account of Rhea Sethia. Our Company is in the process of rectifying the same.

- (d) Set forth below are details of shareholders holding 1% or more of the paid-up Share Capital of our Company as on the date one year prior to the date of filing of this Draft Red Herring Prospectus:

Sl. No.	Name of Shareholder	Pre-Offer	
		No. of equity shares of face value of ₹ 10 each	% of Equity Share capital
1.	Suman Sethia	660,000	9.30
2.	Mangi Lall Sethia	621,650	8.76
3.	Prem Lata Sethia	467,000	6.58
4.	CRB Corporation Limited	320,000	4.51
5.	Kishore Sethia	314,400	4.43
6.	Elin Appliances Private Limited	289,000	4.07
7.	Gaurav Sethia	266,750	3.76
8.	Rakesh Sethia	261,075	3.68
9.	Manju Sethia	227,600	3.21
10.	Sharad Sethia	222,050	3.13
11.	Kamal Sethia	219,500	3.09
12.	Ravi Sethia	207,575	2.93
13.	Kanchan Sethia	196,250	2.77
14.	Vasudha Sethia	180,150	2.54
15.	Pradeep Sethia	162,250	2.29

Sl. No.	Name of Shareholder	Pre-Offer	
		No. of equity shares of face value of ₹ 10 each	% of Equity Share capital
16.	Sanjeev Sethia	152,600	2.15
17.	Sumit Sethia	144,075	2.03
18.	Alok Sethia	138,300	1.95
19.	Santosh Devi Sethia	135,875	1.91
20.	Deepak Sethia	135,875	1.91
21.	Rishabh Sethia	129,750	1.83
22.	Sajjan Devi Sethia	129,300	1.82
23.	Ashnit Sethia	126,150	1.78
24.	Vijay Singh Sethia	114,700	1.62
25.	Dilip Sethia	110,250	1.55
26.	Priyanka Sethia	82,300	1.16
27.	Ashok Sethia	80,300	1.13
28.	Raghav Sethia	79,250	1.12
29.	Kundan Mal Mangi Lall Sethia HUF	76,250	1.07
	<b>Total</b>	<b>6,250,225</b>	<b>88.08</b>

- (e) Set forth below are details of shareholders holding 1% or more of the paid-up Share Capital of our Company as on the date two years prior to the date of filing of this Draft Red Herring Prospectus:

Sl. No.	Name of Shareholder	Pre-Offer	
		No. of equity shares of face value of ₹ 10 each	% of Equity Share capital
1.	Asian Magtronics Devices Private Limited	603,600	9.60
2.	Mangi Lall Sethia	592,900	9.43
3.	Rosebud Holding Private Limited	438,400	6.97
4.	CRB Corporation Limited	320,000	5.09
5.	Kishore Sethia	289,400	4.60
6.	Elin Appliances Private Limited	289,000	4.60
7.	Suman Sethia	247,500	3.94
8.	Kamal Sethia	199,500	3.17
9.	Budh Singh Sethia	199,500	3.17
10.	Ravi Sethia	193,000	3.07
11.	Rakesh Sethia	170,500	2.71
12.	Manju Sethia	167,600	2.67
13.	Sanjeev Sethia	148,100	2.36
14.	Sumit Sethia	141,700	2.25
15.	Gaurav Sethia	133,500	2.12
16.	Vasudha Sethia	133,400	2.12
17.	Prem Lata Sethia	117,000	1.86
18.	Pradeep Sethia	116,000	1.84
19.	Ratni Devi Sethia	107,000	1.70
20.	Vijay Singh Sethia	101,200	1.61
21.	Sajjan Devi Sethia	86,700	1.38
22.	Rishabh Sethia	85,500	1.36
23.	Alok Sethia	80,800	1.29
24.	Ashok Sethia	80,300	1.28
25.	Kanchan Sethia	80,000	1.27
26.	Sharad Sethia	78,050	1.24
27.	Santosh Devi Sethia	77,000	1.22
28.	Deepak Sethia	77,000	1.22
29.	Raghav Sethia	75,500	1.20
30.	Ashnit Sethia	66,900	1.06
31.	Dilip Sethia	66,500	1.06
	<b>Total</b>	<b>5,563,050</b>	<b>88.46</b>

7. There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

8. Our Company, Promoters, Directors, and the BRLMs have not entered into any buy-back arrangement or any other similar arrangements for the purchase of Equity Shares.
9. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
10. As on the date of this Draft Red Herring Prospectus, our Company does not have any active employee stock option plan.
11. No person connected with the Offer, including but not limited to, our Company, the members of the Syndicate, our Directors, Promoters or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.
12. None of the Equity Shares held by our Promoters and other members of our Promoter Group are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus. Further, none of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Draft Red Herring Prospectus.
13. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
14. The Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.
15. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
16. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
17. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters 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 consideration for acquisitions or participation in such joint ventures or other arrangements.
18. Our Promoters and the members of our Promoter Group will not participate in the Offer, except to the extent of the Offer for Sale by the Selling Shareholders.
19. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus with the Registrar of Companies and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.
20. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis

to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to utilise the ASBA process providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by SCBSBs) or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see “Offer Procedure” on page 340.

21. Except as disclosed in “Capital Structure – Share capital history of our Company – History of Equity Share capital” on page 66, our Company has not undertaken any public issue of securities or any rights issue of any kind or class of securities since its incorporation.
22. Set forth below is the price at which equity shares were acquired in the last three years, by each of the Promoters, Promoter Group and Selling Shareholders:

Sr. No.	Date of acquisition	Name of the acquirer	Acquisition price per equity share	Number of shares acquired
1.	January 22, 2020	Priyanka Sethia	40	43,750
2.	January 22, 2020	Mangilal Sethia	40	28,750
3.	January 22, 2020	Kishor Sethia	40	25,000
4.	January 22, 2020	Kamal Sethia	40	20,000
5.	January 22, 2020	Suman Sethia	2	393,750
6.	January 22, 2020	Suman Sethia	40	18,750
7.	January 22, 2020	Kundan Mal Mangi Lall Sethia (HUF)	40	16,250
8.	January 22, 2020	Sajjan Devi Sethia	40	14,600
9.	January 22, 2020	Rakesh Sethia	40	14,575
10.	January 22, 2020	Ravi Sethia	40	14,575
11.	January 22, 2020	Vijay Singh Sethia	40	13,500
12.	January 22, 2020	Nitisha Sethia	40	10,000
13.	January 22, 2020	Keshari Sethia HUF	40	9,375
14.	January 22, 2020	Pradeep Sethia	40	8,750
15.	January 22, 2020	Sushil Kumar Sethia	40	8,750
16.	January 22, 2020	Vasudha Sethia	40	8,750
17.	January 22, 2020	Premlata Sethia	2	150,500
18.	January 22, 2020	Rishabh Sethia	40	6,750
19.	January 22, 2020	Gaurav Sethia	2	130,750
20.	January 22, 2020	Dilip Sethia	40	6,250
21.	January 22, 2020	Kanchan Sethia	2	112,500
22.	January 22, 2020	Sanjeev Sethia	40	4,500
23.	January 22, 2020	Vijay Singh Sethia & Sons HUF	40	4,500
24.	January 22, 2020	Vikas Sethia	40	4,500
25.	January 22, 2020	Kamal Sethia & Sons HUF	40	4,375
26.	January 22, 2020	Kishor Sethia & Sons HUF	40	4,375
27.	January 22, 2020	Alok Sethia (HUF)	40	4,250
28.	January 22, 2020	Vinay Kumar Sethia	40	4,250
29.	January 22, 2020	Rakesh Sethia	2	76,000
30.	January 22, 2020	Kanchan Sethia	40	3,750
31.	January 22, 2020	Manju Sethia	40	3,750
32.	January 22, 2020	Namrata Sethia	40	3,750
33.	January 22, 2020	Deepak Sethia & Sons (HUF)	40	3,500
34.	January 22, 2020	Nikhil Sethia	40	3,500
35.	January 22, 2020	Yugesh Sethia	40	3,500
36.	January 22, 2020	Ashnit Sethia	40	3,000
37.	January 22, 2020	Alok Sethia	2	56,250

Sr. No.	Date of acquisition	Name of the acquirer	Acquisition price per equity share	Number of shares acquired
38.	January 22, 2020	Ashnit Sethia	2	56,250
39.	January 22, 2020	Deepak Sethia	2	56,250
40.	January 22, 2020	Manju Sethia	2	56,250
41.	January 22, 2020	Santosh Devi Sethia	2	56,250
42.	January 22, 2020	Deepak Sethia	40	2,625
43.	January 22, 2020	Santosh Devi Sethia	40	2,625
44.	January 22, 2020	Gaurav Sethia	40	2,500
45.	January 22, 2020	Kanika Sethia	40	2,500
46.	January 22, 2020	Madhuri Sethia	40	2,500
47.	January 22, 2020	Sumit Sethia	40	2,375
48.	January 22, 2020	Akash Sethia	40	2,000
49.	January 22, 2020	Anant Sethia	40	2,000
50.	January 22, 2020	Bridhichand Sethia & Sons	40	2,000
51.	January 22, 2020	Sushil Kumar Sethia & Sons	40	2,000
52.	January 22, 2020	Vasudha Sethia	2	38,000
53.	January 22, 2020	Dilip Sethia	2	37,500
54.	January 22, 2020	Pradeep Sethia	2	37,500
55.	January 22, 2020	Rishabh Sethia	2	37,500
56.	January 22, 2020	Sharad Sethia	2	37,000
57.	January 22, 2020	Vinay Kumar Sethia & Sons HUF	40	1,750
58.	January 22, 2020	Raveena Sethia	2	31,875
59.	January 22, 2020	Sajjan Devi Sethia	2	28,000
60.	January 22, 2020	Shivina Sethia	2	27,375
61.	January 22, 2020	Alok Sethia	40	1,250
62.	January 22, 2020	Rhea Sethia	2	20,000
63.	January 22, 2020	Parth Sethia	2	18,750
64.	January 22, 2020	Shweta Sethia	2	18,750
65.	January 22, 2020	Sushil Kumar Sethia	2	18,750
66.	January 22, 2020	Raghav Sethia	2	3,750
67.	January 22, 2020	Shlok Sethia	2	500
68.	January 18, 2021	Gaurav Sethia	Not Applicable	180,834
69.	January 21, 2021	Gaurav Sethia	Not Applicable	76,250
70.	January 18, 2021	Kamal Sethia	Not Applicable	152,103
71.	January 18, 2021	Kishor Sethia	Not Applicable	288,713
72.	January 25, 2021	Kishor Sethia	Not Applicable	4,375
73.	January 22, 2020	Premlata Sethia	Not Applicable	1,200
74.	January 22, 2020	Premlata Sethia	Not Applicable	37,800
75.	January 22, 2020	Premlata Sethia	Not Applicable	78,000
76.	January 22, 2020	Premlata Sethia	Not Applicable	10,200
77.	January 22, 2020	Premlata Sethia	Not Applicable	25,000
78.	January 22, 2020	Premlata Sethia	Not Applicable	15,000
79.	January 22, 2020	Premlata Sethia	Not Applicable	6,300
80.	January 22, 2020	Premlata Sethia	Not Applicable	1,000
81.	January 22, 2020	Premlata Sethia	Not Applicable	25,000
82.	January 22, 2020	Sharad Sethia	Not Applicable	72,000
83.	January 22, 2020	Sharad Sethia	Not Applicable	15,000
84.	January 22, 2020	Sharad Sethia	Not Applicable	20,000
85.	January 22, 2020	Vinay Kumar Sethia	Not Applicable	43,500
86.	February 24, 2021	Raghav Sethia	Not Applicable	48,000
87.	July 13, 2021	Raghav Sethia	Not Applicable	43,000

Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders' resolution dated September 30, 2021, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued

Sr. No.	Date of acquisition	Name of the acquirer	Acquisition price per equity share	Number of shares acquired
and subscribed share capital of our Company comprising 7,095,700 equity shares of face value of ₹ 10 each was sub-divided into 14,191,400 equity shares of face value of ₹ 5 each				
88.	September 30, 2021	Sajjan Sethia	Not Applicable	3,45,200
89.	September 30, 2021	Raghav Sethia	Not Applicable	6,81,000
90.	September 30, 2021	Rakesh Sethia	Not Applicable	8,52,300
91.	September 30, 2021	Ravi Sethia <sup>#</sup>	Not Applicable	9,10,300
92.	September 30, 2021	Bridhi Chand Sethia & Sons HUF	Not Applicable	2,05,200
93.	September 30, 2021	Shlok Sethia	Not Applicable	2,000
94.	September 30, 2021	Shivina Kumari Sethia	Not Applicable	2,15,500
95.	September 30, 2021	Raveena Sethia	Not Applicable	2,33,500
96.	September 30, 2021	Sumit Sethia	Not Applicable	5,66,800
97.	September 30, 2021	Nikhil Sethia	Not Applicable	1,42,000
98.	September 30, 2021	Madhulika Sethia	Not Applicable	1,30,000
99.	September 30, 2021	Deepak Sethia	Not Applicable	5,43,500
100.	September 30, 2021	Yugesh Sethia	Not Applicable	1,42,000
101.	September 30, 2021	Deepak Sethia & Sons HUF	Not Applicable	14,000
102.	September 30, 2021	Prem Lata Sethia	Not Applicable	18,68,000
103.	September 30, 2021	Priyanka Sethia	Not Applicable	3,29,200
104.	September 30, 2021	Vinay Kumar Sethia & Sons HUF	Not Applicable	7,000
105.	September 30, 2021	Motilal Sethia & Sons HUF	Not Applicable	1,54,400
106.	September 30, 2021	Manju Sethia	Not Applicable	9,10,400
107.	September 30, 2021	Keshari Sethia HUF	Not Applicable	61,500
108.	September 30, 2021	Kishore Sethia	Not Applicable	24,29,952
109.	September 30, 2021	Suman Sethia	Not Applicable	26,40,000
110.	September 30, 2021	Gaurav Sethia	Not Applicable	20,95,336
111.	September 30, 2021	Kamal Sethia	Not Applicable	14,86,412
112.	September 30, 2021	Vasudha Sethia	Not Applicable	7,20,600
113.	September 30, 2021	Sanjeev Sethia	Not Applicable	6,10,400
114.	September 30, 2021	Shweta Sethia	Not Applicable	75,000
115.	September 30, 2021	Kamal Sethia & Sons HUF	Not Applicable	1,77,500
116.	September 30, 2021	Sushil Kumar Sethia	Not Applicable	1,10,000

Sr. No.	Date of acquisition	Name of the acquirer	Acquisition price per equity share	Number of shares acquired
117.	September 30, 2021	Sushil Kumar Sethia & Sons HUF	Not Applicable	8,000
118.	September 30, 2021	Akash Sethia	Not Applicable	74,000
119.	September 30, 2021	Pradeep Sethia	Not Applicable	6,49,000
120.	September 30, 2021	Sumit Sethia	Not Applicable	9,500
121.	September 30, 2021	Kanchan Sethia	Not Applicable	7,85,000
122.	September 30, 2021	Rishabh Sethia	Not Applicable	5,19,000
123.	September 30, 2021	Vijay Singh Sethia	Not Applicable	4,58,800
124.	September 30, 2021	Dilip Sethia	Not Applicable	4,41,000
125.	September 30, 2021	Madhuri Sethia	Not Applicable	1,30,000
126.	September 30, 2021	Vijay Singh Sethia & Sons HUF	Not Applicable	90,000
127.	September 30, 2021	Elin Appliances Private Limited	Not Applicable	11,56,000
128.	September 30, 2021	Dhani Devi Sethia Trust (Trustee being Mangi Lall Sethia, Kamal Sethia and Kishore Sethia)	Not Applicable	70,000
129.	September 30, 2021	Vinay Kumar Sethia	Not Applicable	4,22,200
130.	September 30, 2021	Santosh Sethia	Not Applicable	5,43,500
131.	September 30, 2021	Ashok Sethia	Not Applicable	3,21,200
132.	September 30, 2021	Nita Sethia	Not Applicable	1,06,000
133.	September 30, 2021	Nitisha Sethia	Not Applicable	40,000
134.	September 30, 2021	Ashnit Sethia	Not Applicable	5,04,600
135.	September 30, 2021	Alok Sethia HUF	Not Applicable	17,000
136.	September 30, 2021	Namrata Sethia	Not Applicable	2,54,200
137.	September 30, 2021	Alok Sethia	Not Applicable	5,53,200
138.	September 30, 2021	Anant Sethia	Not Applicable	74,000
139.	September 30, 2021	Rhea Sethia <sup>#</sup>	Not Applicable	80,000
140.	October 11, 2021	Ravi Sethia <sup>*#</sup>	Not Applicable	20,000

*\* Acquisition of shares after allotment of split and bonus but before the date of corporate action.*

*<sup>#</sup> 80,000 Equity Shares were inadvertently credited to the demat account of Ravi Sethia, instead of to the demat account of Rhea Sethia. Our Company is in the process of rectifying the same.*

23. There are no Shareholders who are entitled to nominate Directors or have any other special rights.

## OBJECTS OF THE OFFER

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

### Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. All fees and expenses in relation to the Offer shall be shared amongst our Company and the Selling Shareholders, pursuant to the Offer and in accordance with applicable laws. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the net proceeds, *i.e.*, gross proceeds of the Fresh Issue less the Offer related expenses applicable to the Fresh Issue (“**Net Proceeds**”). Our Subsidiary is one of the Selling Shareholders and will receive proceeds from its respective portion of the Offer for Sale. However, our Subsidiary will not receive any proceeds from the Fresh Issue.

For further details, see “*Objects of the Offer - Offer Expenses*” on page 100.

### Fresh Issue

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

Particulars	Amount
Gross proceeds from the Fresh Issue	1,750
(Less) Offer related expenses in relation to the Fresh Issue <sup>(1)</sup>	[●]
<b>Net Proceeds</b>	<b>[●]</b>

(₹ in million)

<sup>(1)</sup> To be finalised upon determination of the Offer Price and will be updated in the Prospectus prior to filing with the RoC.

### Requirement of funds

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

1. Repayment/ prepayment, in full or part, of certain borrowings availed by our Company;
2. Funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh, and (ii) Verna, Goa; and
3. General corporate purposes (collectively, referred to herein as the “**Objects**”).

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company’s visibility and brand image and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities proposed to be funded from the Net Proceeds.

### Proposed schedule of implementation and deployment of Net Proceeds

We propose to utilise the Net Proceeds for the following Objects in accordance with the estimated schedule of utilisation of funds set forth in the table below:

S. No.	Particulars	Total estimated cost/ Estimated utilisation from Net Proceeds	Estimated Utilisation of Net Proceeds		
			Fiscal 2023	Fiscal 2024	Fiscal 2025
1.	Repayment/ prepayment, in full or part, of certain borrowings availed of by our Company	800.00	604.84	126.60	68.56
2.	Funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh, and (ii) Verna, Goa	489.73	333.64	156.09	-
3.	General corporate purposes <sup>(1)</sup>	[●]	[●]	[●]	[●]

(₹ in million)

<sup>(1)</sup> 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 Net Proceeds.

The schedule of implementation set out above is based on our internal management estimates, valid quotations received from third parties, current circumstances of our business and market conditions, and other commercial and technical factors and has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors including changes in the price of equipment due to variation in commodity prices, 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 our planned allocation at the discretion of our management, subject to compliance with applicable laws. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal due to any reason, the same would be utilised (in part or full) in the next Fiscal/ subsequent period, as may be determined by our Company, in accordance with applicable law. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our Company, subject to compliance with applicable law. For details, see “*Risk Factors – We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and deployment of the Net Proceeds of the Offer are based on management estimates and have not been independently appraised.*” on page 41 of this Draft Red Herring Prospectus.

If the actual utilisation towards any of the Objects, as set out above, is lower than the proposed deployment, such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Net Proceeds, in accordance with the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, we may explore a range of options including utilising our internal accruals, any additional equity or debt arrangements or both. We believe that such alternate arrangements would be available with our Company to fund any such shortfalls.

### **Means of finance**

Fund requirements for the Objects are proposed to be met from the Net Proceeds and our internal accruals. Accordingly, we confirm 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 through the Fresh Issue or through existing identifiable internal accruals as required under Regulation 7(1)(e) the SEBI ICDR Regulations.

### **Details of the Objects of the Fresh Issue**

#### **1. Repayment/ prepayment, in full or part, of certain borrowings availed by our Company**

Our Company has entered into various financial arrangements from time to time, with banks, financial institutions and other entities. The outstanding loan facilities entered into by our Company include borrowing in the form of, *inter alia*, term loans and working capital facilities. For further details, see “*Financial Indebtedness*” on page 314. Our Company proposes to utilise an estimated amount of ₹ 800 million from the Net Proceeds towards part or full repayment and/or pre-payment of certain borrowings availed by our Company, and the interest accrued therein. 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 or prepayment, 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 the existing borrowings prior to Allotment. Accordingly, our Company may utilise the Net Proceeds for part or full prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilised from the Gross Proceeds towards repayment and/or prepayment, in part or full, of certain borrowings (including refinanced or additional facilities availed, if any), would not exceed ₹ 800 million. In light of the above, at the time of filing the Red Herring Prospectus, the table below shall be suitably updated to reflect the revised amounts or loans, as the case may be.

We believe that such repayment and/or pre-payment will reduce our outstanding indebtedness, debt servicing costs, improve our debt to equity ratio and enable utilisation of our accruals for further investment in our business growth and expansion. Additionally, we believe that the increased 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 the details of outstanding borrowings availed of by our Company, which are proposed to be repaid or prepaid, in full or in part, from the Net Proceeds:

S. No.	Name of the Lender	Nature of borrowings	Purpose	Amount sanctioned as on September 30, 2021 (₹ in million)	Amount outstanding as on September 30, 2021 (₹ in million)	Amount proposed to be repaid/prepaid (₹ in million)	Repayment Schedule	Interest Rate (%) (p.a.)	Pre-payment clause
1.	State Bank of India	Fund based limits (cash credit)	Working capital requirements	350.00	192.53	157.90	Repayable on demand	6 months MCLR + 0.95%	-
2.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (overdraft)	Working capital requirements	100.00	5.45	5.40	Repayable on demand	Overnight MCLR + 0.15%	-
3.	HDFC Bank Limited	Fund based limits (cash credit)	Working capital requirements	200.00	39.59	39.59	Repayable on demand	1 year MCLR + 0.10%	-
4.	ICICI Bank Limited	Fund based limits (invoice discounting facility)	Working capital requirements	300.00	237.01	237.01	Payable on due date/maturity of invoice/tenor based maturity, with maximum tenor not to exceed 90 days	Repo rate + Spread	-
5.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (term loan)	Capital expenditure	150.00	44.61	29.50	Monthly instalment of ₹ 2.50 million	Quarterly MCLR + 0.15%	Prepayment will be subject to funding penalties at the bank's discretion
6.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (term loan)	Capital expenditure	75.00	55.26	47.40	Monthly instalment of ₹ 1.30 million	Quarterly MCLR + 0.15%	Prepayment will be subject to funding penalties at the bank's discretion
7.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (term loan)	Capital expenditure	220.00	186.54	101.50	Monthly instalment of ₹ 2.40 million	Quarterly MCLR + 0.15%	Prepayment will be subject to funding penalties at the bank's discretion

S. No.	Name of the Lender	Nature of borrowings	Purpose	Amount sanctioned as on September 30, 2021 (₹ in million)	Amount outstanding as on September 30, 2021 (₹ in million)	Amount proposed to be repaid/prepaid (₹ in million)	Repayment Schedule	Interest Rate (%) (p.a.)	Pre-payment clause
8.	HDFC Bank Limited	Fund Based (term loan)	Capital expenditure	150.00	125.35	79.40	Monthly instalment of ₹ 2.5 million	7.30% p.a.	Borrower is liable to be charged 2% of the total limits sanctioned in case the facilities are taken over by another Bank during the tenor of the loan.
9.	Citi Bank N.A.	Fund Based (term loan)	Capital expenditure	225.00	125.86	102.30	Monthly instalment of ₹ 4.7 million	For team loan of ₹150 million: 1 month T-bill + 2.5% For 75 million: 12 months T-bill + 2.88%	Prepayment penalty at the rate of 2% of sanction amount or principal outstanding, at the discretion of Citibank N.A.
<b>Total</b>				<b>1,970.00</b>	<b>986.30</b>	<b>800.00</b>			

*In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, the Company has obtained a certificate dated November 17, 2021 from the Statutory Auditor certifying the utilization of loan for the purpose availed.*

Our Company will approach the lenders after completion of this Offer for repayment/prepayment of the above borrowings. The amounts under the borrowing facilities may be dependent on various factors and may include intermediate repayments and drawdowns. Accordingly, it may be possible that amount outstanding under the borrowing facilities may vary from time to time. We may, from time to time, repay, refinance, enter into further financing arrangements or draw down funds from any such existing borrowing facilities. In such event, we may utilise the Net Proceeds towards repayment/prepayment of any existing or additional indebtedness which will be selected based on various commercial considerations including, among others, the interest / coupon rate on the borrowing facility, the amount of the borrowing outstanding and the remaining tenor of the borrowing, any conditions attached to the borrowings restricting the ability to pre-pay/repay/redeem the borrowings, receipt of consents for prepayment from the respective lenders terms and conditions of consents and waivers, presence of onerous terms and conditions under the facility, other commercial considerations and applicable law governing such borrowings.

Our Company may be required to obtain the prior consent of or notify certain of the lenders prior to the repayment/prepayment. Further, our Company may be subject to the levy of prepayment penalties or premiums, depending on the facility being repaid/prepaid, the conditions specified in the relevant documents governing such credit facility and the

amount outstanding/being pre-paid/repaid, as applicable. Payment of prepayment penalty or premium, if any, shall be made from the Net Proceeds. If the Net Proceeds are insufficient to the extent required for making payments for such prepayment penalties or premiums, such excessive amount shall be met from our internal accruals.

## 2. Funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh, and (ii) Verna, Goa.

We have three manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). Our modern and state-of-art manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable us to meet the quality requirements of our customers in a timely manner.

Our Company proposes to utilise ₹ 489.73 million towards funding capital expenditure towards upgrading and expanding our existing facilities at (i) Ghaziabad, Uttar Pradesh; and (ii) Verna, Goa. Our Board pursuant to its resolution dated November 17, 2021 set out its proposal to upgrade and expand our existing facilities at (i) Ghaziabad, Uttar Pradesh, and (ii) Verna, Goa, from the Net Proceeds.

Details of our manufacturing facilities at (i) Ghaziabad, Uttar Pradesh; and (ii) Verna, Goa are set out below:

S. No.	Name of Facility	Land area (in square meter)	Freehold/ leasehold	Products manufactured	Key machinery/ equipment
1.	Ghaziabad, Uttar Pradesh	19,868.89	Leasehold	Fractional horsepower motors, LED lighting, fans and switches, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, sheet metal fabrication machinery, product assembly lines, PCB manufacturing SMT lines
2.	Verna, Goa	7,500.00	Leasehold	Medical diagnostic cartridges, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, product assembly lines

For further details, see “Our Business – Our Manufacturing Facilities” on page 174.

Accordingly, we intend to use the Net Proceeds allocated for this Object as set out below:

S. No.	Expense category	Estimated cost (₹ million)
<b>Manufacturing facility at Ghaziabad, Uttar Pradesh</b>		
<b>A)</b>	<b>Construction<sup>(1)</sup></b>	
1.	Construction of building	68.14
2.	Lift well and electricals	2.66
<b>Total (A)</b>		<b>70.80</b>
<b>B)</b>	<b>Equipment and machinery (Domestic)<sup>(1)</sup></b>	
1.	Personal Computer Based Automatic Sequential Analyzer	1.41
2.	Armature Testing Panel	2.18
3.	Transfer Line PVC Belt Conveyor For Press Line	1.18
4.	Robot for automation of moulding machines	2.49
5.	Moulding Machine 100 Ton	30.92
6.	Moulding Machine 60 Ton	20.39
7.	Runner Recycle Mixture	1.48
8.	TKC-Injection Moulding Machine 50 Ton Vertical	7.69
9.	CNC Wire EDM Machine	10.62
<b>Total (B)</b>		<b>78.36</b>
<b>C)</b>	<b>Equipment and machinery (Imported)<sup>(2)</sup></b>	
1.	Servo Feeder + Straighter + Decoiler 300mm	3.22
2.	Servo Feeder + Straighter + Decoiler 800mm	5.28
3.	125 Ton High Speed H-Frame Power Press With Accessories	57.76
4.	220 Ton High Speed H-Frame Power Press With Accessories	77.57
5.	Welding Machine	1.55
6.	C-Frame Single Crank Pneumatic Power Press Machine 110 Ton	2.57
7.	Automation Of Auto Seizing & Scrap Conveyor	13.86
8.	EDM ZNC Machine	9.70

S. No.	Expense category	Estimated cost (₹ million)
9.	CNC EDM Machine	3.77
<b>Total (C)</b>		<b>175.28</b>
<b>Manufacturing facility at Verna, Goa</b>		
<b>D)</b>	<b>Equipment and machinery (Domestic)<sup>(1)</sup></b>	
1.	Laser Machine Automated Line	116.64
2.	DG Set	3.13
3.	Moulding Machine 200 T	22.42
4.	Moulding Machine 450 T	23.10
<b>Total (D)</b>		<b>165.29</b>
<b>Total (A+B+C+D)</b>		<b>489.73</b>

(1) Inclusive of applicable GST

(2) For all imported equipment or machinery, our Company has assumed an exchange rate of USD 1 = ₹ 75. The estimated cost includes applicable customs duty and freight cost on the unit, and applicable GST.

### Break-down of estimated expense

#### (i) Manufacturing facility at Ghaziabad, Uttar Pradesh

We are yet to place orders for upgradation of manufacturing facility at Ghaziabad, Uttar Pradesh pursuant to purchase of following equipment, machinery and other expenses and no payments have been made towards these items. The detailed break-down of these estimated costs for upgradation of manufacturing facility at Ghaziabad, Uttar Pradesh is as below:

Particulars	Quantity	Amount to be funded from Net Proceeds (₹ million)	Quotations received from	Date of quotations	Validity
<b>Construction<sup>(1)</sup></b>					
Construction of building (2 <sup>nd</sup> phase)	35,000 square feet of area	68.14	Pioneer Construction	November 9, 2021	6 months
Lift well and electricals	1	2.66	Pioneer Construction	November 9, 2021	6 months
<b>Total (A)</b>		<b>70.80</b>			
<b>Equipment and machinery (Domestic)<sup>(1)</sup></b>					
Personal Computer Based Automatic Sequential Analyzer	2	1.41	Jabbals International	November 9, 2021	90 days
Armature Testing Panel	2	2.18	OMME Electromech Private Limited	November 9, 2021	10 months
Transfer Line PVC Belt Conveyor with Z Type Conveyor for high speed press line	<ul style="list-style-type: none"> <li>• Main conveyor: 1</li> <li>• Side conveyor: 3</li> <li>• Z type conveyor: 3</li> </ul>	1.18	Chandra Engineers and Trading	November 9, 2021	6 months
Robot (Primus 16) for automation of moulding machines	2	2.49	Wittmaan Battenfeld India Private Limited	November 9, 2021	6 months
Moulding Machine 100 Ton	10	30.92	Shibaura Machine India Private Limited	November 9, 2021	Valid until March 2022
Moulding Machine 60 Ton	8	20.39	Shibaura Machine India Private Limited	November 9, 2021	Valid until March 2022
Runner Recycle Mixture	2	1.48	Motan-Colortronic Plastics Machinery (India) Private Limited	November 9, 2021	6 months

Particulars	Quantity	Amount to be funded from Net Proceeds (₹ million)	Quotations received from	Date of quotations	Validity
TKC-Injection Moulding Machine 50 Ton Vertical	4	7.69	D & M Machine Tools	November 9, 2021	1 year
CNC Wire EDM Machine	1	10.62	MC Craftsman Machinery Private Limited	November 9, 2021	6 months
<b>Total (B)</b>		<b>78.36</b>			
<b>Equipment and machinery (Imported)<sup>(2)</sup></b>					
Servo Feeder + Straighter + Decoiler 300mm	4	3.22	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
Servo Feeder + Straighter + Decoiler 800mm	4	5.28	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
125 Ton High Speed H-Frame Power Press With Accessories	4	57.76	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
220 Ton High Speed H-Frame Power Press With Accessories	4	77.57	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
Welding Machine	2	1.55	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
C-Frame Single Crank Pneumatic Power Press Machine 110 Ton	1	2.57	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
Automation of Auto Seizing & Scrap Conveyor	4	13.86	Chandra Engineers and Trading (Authorised channel partner of Ningbo Goanwin)	November 9, 2021	6 months
EDM ZNC Machine	4	9.70	Ray Mechatronics & Machinery Pvt Ltd	November 9, 2021	6 months
CNC EDM Machine	1	3.77	Ray Mechatronics & Machinery Pvt Ltd	November 9, 2021	6 months
<b>Total (C)</b>		<b>175.28</b>			
<b>Total (A+B+C)</b>	-	<b>324.44</b>			

(1) Inclusive of applicable GST

(2) For all imported equipment or machinery, our Company has assumed an exchange rate of USD 1 = ₹ 75. The estimated cost includes applicable customs duty and freight cost on the unit, and applicable GST.

### Construction

The key aspects of this expense includes, among others, building material, labour, window and door fittings. We also require lift well and electricals in this regard. The construction is for the purpose of creating space for capacity enhancement Ghaziabad (Uttar Pradesh). Our Company will apply for approvals in relation to construction prior to commencement of the construction, in the ordinary course and in accordance with applicable laws, including in relation to building layout and lift installation.

### Equipment and machinery (Domestic)

The equipment and machinery is proposed to be utilized primarily for the following purposes:

- Personal Computer Based Automatic Sequential Analyzer: Installed on assembly line to check technical parameters.
- Armature Testing Panel: Installed on assembly line to automatically match with specifications.

- Transfer Line PVC Belt Conveyor with Z Type Conveyer for high speed press line: Conveyor belt for movement of components.
- Robot (Primus 16): Automation of moulding machines.
- Moulding Machine 100 Ton, Moulding Machine 60 Ton, and TKC-Injection Moulding Machine 50 Ton Vertical: Enhancement of moulding capacity.
- Runner Recycle Mixture (which consists of blending unit, drying, conveying, material line, vacuum line, installation material and control cable): For grinding of used plastic granules.
- CNC Wire EDM Machine: Enhancement of tool room capacity.

#### Equipment and machinery (Imported)

The equipment and machinery is proposed to be utilized primarily for the following purposes:

- Servo Feeder + Straighter + Decoiler 300mm, and Servo Feeder + Straighter + Decoiler 800mm: Press machine sheet feeder.
- 125 Ton High Speed H-Frame Power Press with accessories, 220 Ton High Speed H-Frame Power Press with accessories, C-Frame Single Crank Pneumatic Power Press Machine 110 Ton: Enhancement of sheet metal production capacity.
- Welding Machine: General purpose welding.
- Automation of Auto Seizing & Scrap Conveyor: To automate scrap movement from component production line to scrapyards.
- EDM ZNC Machine, and CNC EDM Machine: Enhancement of tool room capacity.

#### *Manufacturing facility at Verna, Goa*

We are yet to place orders for upgradation of manufacturing facility at Verna, Goa pursuant to purchase of following equipment and machinery and no payments have been made towards these items. The detailed break-down of these estimated costs for upgradation of manufacturing facility at Verna, Goa is as below:

Particulars	Quantity	Amount to be funded from Net Proceeds (₹ million) <sup>(1)</sup>	Quotations received from	Date of quotations	Validity
Cartridge Assembly Line	4	116.64	Procyon Techsolutions Private Limited	November 9, 2021	180 days
DG Set	1	3.13	Powerica Limited	November 9, 2021	December 15, 2021
Moulding Machine 200 Servo	5	22.42	Milacron India Private Limited	November 9, 2021	30 days
Moulding Machine 450 Servo	3	23.10	Milacron India Private Limited	November 9, 2021	30 days
<b>Total</b>		<b>165.29</b>			

<sup>(1)</sup> Inclusive of applicable GST

The equipment and machinery is proposed to be utilized primarily for the following purposes:

- Laser Machine Automated Line, and Moulding Machine 200 Servo: Cartridge assembly line setup.
- DG Set: Back-up power.
- Moulding Machine 450 Servo: Enhancement of moulding capacity.

In addition to estimated expenses mentioned above for the two manufacturing facilities, there may be revision in the final amounts payable towards these quotations pursuant to any other taxes or levies payable on such item.

With respect to the equipment and machinery and other expenses, we have not entered into definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment and machinery and other items or at the same costs. The quantity of equipment and machinery and other items to be purchased is based on the present estimates of our management. All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. If we engage someone other than the identified third-party vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor's estimates and actual costs for the items listed above may differ from the current estimates. No second-hand or used equipment and machinery is proposed to be purchased out of the Net Proceeds.

Our Company shall have the flexibility to deploy the equipment to replace any existing equipment or set up a new equipment in the newly expanded portion as proposed as per the internal estimates of our management and business requirements. This may vary depending on the demand for replacement in our existing equipment. The actual mode of deployment has not been finalised as on the date of this Draft Red Herring Prospectus. For further details, see "*Risk Factors – We have not entered into any definitive arrangements to utilize certain portions of the Net Proceeds of the Offer. Our funding requirements and deployment of the Net Proceeds of the Offer are based on management estimates and have not been independently appraised.*" on page 41.

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

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes, subject to such amount not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, business development initiatives, research and development, acquiring fixed assets, meeting any expense (including short-term working capital requirements) including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies. 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.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any.

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

The Net Proceeds pending utilisation for the purposes stated in this section, shall be deposited only with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company.

#### **Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

#### **Offer Expenses**

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's 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.

Other than (a) listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) and expenses in relation to product or corporate advertisements of our Company, *i.e.*, any corporate advertisements consistent with the past practices of our Company (other than expenses in relation to the marketing and advertising undertaken specifically for the Offer) which will be borne by our Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred with respect to the Offer shall be shared among our Company and the Selling Shareholders in accordance with Applicable Law. Any expenses paid by our Company on behalf of the Selling Shareholders in the first instance will be reimbursed to our Company, by the Selling Shareholders to the extent of their respective proportion of Offer related expenses. The Offer expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

The break-up for the estimated Offer expenses is set forth below:

Activity	Estimated expenses <sup>(1)</sup> (in ₹ million)	As a % of the total estimated Offer expenses <sup>(1)</sup>	As a % of the total Offer size <sup>(1)</sup>
BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(2)(3)(4)(5)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
(i) Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses.	[●]	[●]	[●]
(ii) Printing and stationery expenses	[●]	[●]	[●]
(iii) Advertising and marketing expenses	[●]	[●]	[●]
(iv) Fees payable to legal counsels	[●]	[●]	[●]
(v) Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

(1) Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price.

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

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

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

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

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

Portion for Retail Individual Investors*	₹ [●] per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Investors*	₹ [●] per valid Bid cum Application Form (plus applicable taxes)

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

(4) The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:

Sponsor Bank*	₹ [●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws
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The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

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

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

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

## Monitoring Utilization of Funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilisation of Net Proceeds prior to filing of the Red Herring Prospectus with the RoC, as the proposed Fresh Issue exceeds ₹ 1,000.00 million. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such Fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable Fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 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; 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**

Our Company shall not vary the Objects of the Offer, as envisaged under Sections 13(8) and 27 of the Companies Act and applicable rules, without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Shareholders' Meeting Notice**") shall specify the prescribed details, provide Shareholders with the facility to vote by electronic means and shall be published in accordance with the Companies Act, 2013. The Shareholders' Meeting Notice shall simultaneously be published in the newspapers, one in English, one in Bengali (Bengali also being the regional language of the jurisdiction where our Registered Office is situated).

### **Appraising agency**

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

### **Other confirmations**

None of our Directors or Key Managerial Personnel will receive any portion of the Offer Proceeds and there are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, members of Promoter Group, Directors and/or Key Managerial Personnel and Group Companies. Our Subsidiary is one of the Selling Shareholders and will receive proceeds from its respective portion of the Offer for Sale.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company, 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 ₹ 5 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Bidders should read the below mentioned information along with “*Our Business*”, “*Risk Factors*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 164, 25, 223 and 284, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

- Established market position in key verticals including leadership in fractional horsepower motors;
- Diversified products resulting in a de-risked business model;
- Entrenched relationships with a marquee customer base;
- High degree of backward integration resulting in higher efficiencies, enhanced quality of products and customer retention capability; and
- Consistent and strong track record of financial performance.

For further details, see “*Our Business – Competitive Strengths*” on page 171.

### Quantitative Factors

Certain information presented below, relating to our Company, is derived from the Restated Consolidated Financial Statements. For further details, see “*Financial Information*” on page 223.

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”):

(As adjusted for changes in capital, if any) on a consolidated basis, calculated in accordance with the Indian Accounting Standard 33 issued by the Institute of Chartered Accountants of India:

Fiscal	Basic & Diluted EPS (in ₹) #	Weight
2018-19	7.12	1
2019-20	6.73	2
2020-21	8.53	3
<b>Weighted Average</b>	<b>7.70</b>	
Six months ended September 30, 2021*	4.73	-

\*Post Split and Bonus Issue

(As adjusted for changes in capital, if any) on a consolidated basis, calculated on total number of equity shares prior to elimination of equity share capital relating to shares held by the Subsidiary:

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2018-19	6.83	1
2019-20	6.46	2
2020-21	8.19	3
<b>Weighted Average</b>	<b>7.39</b>	
Six months ended September 30, 2021*	4.54	-

Notes:

- (1) 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.
- (2) Basic Earnings per Equity Share (^) = Net profit after tax attributable to owners of the Company, as restated / Weighted average no. of Equity Shares outstanding during the year

- (3) Diluted Earnings per Equity Share (₹) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of potential Equity Shares outstanding during the year
- (4) Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 'Earnings per share'.
- (5) The face value of each Equity Share is ₹ 5 each.
- (6) Basic & Diluted EPS for the 6 months period ended as on September 30, 2021 are not annualised.
- (7) The figures disclosed above are based on the Restated Ind-AS Financial Statements of the Company.
- (8) Basic & Diluted EPS for the 6 months period ended / as on September 30, 2021 are not annualised.

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

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on Basic EPS for Financial Year 2021	[●]	[●]
Based on Diluted EPS for Financial Year 2021	[●]	[●]

# To be updated subsequently post listing

## 3. Industry P/E ratio

	P/E Ratio	Name of the company	Face value of equity shares (₹)
Highest	187.20	Dixon Technologies (India) Ltd	2
Lowest	134.02	Amber Enterprises India Ltd	10
Average	160.61		

## 4. Average Return on Net Worth (“RoNW”)

On a consolidated basis:

Fiscal	RoNW (%)	Weight
2018-19	14.61%	1
2019-20	12.07%	2
2020-21	13.29%	3
<b>Weighted Average</b>	<b>13.10%</b>	
Six months ended September 30, 2021	6.84%	-

On a consolidated basis but calculated Net Worth prior to elimination of equity shares capital relating to shares held by the Subsidiary:

Fiscal	RoNW (%)	Weight
2018-19	14.61%	1
2019-20	12.07%	2
2020-21	13.29%	3
<b>Weighted Average</b>	<b>13.10%</b>	
Six months ended September 30, 2021	6.84%	-

Notes:

- Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.
- Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Restated net worth at the end of the year/period.
- 'Net worth' under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2019; 2020 and 2021 in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
- Net Assets Value for the 6 months period ended / as on September 30, 2021 are not annualised.

## 5. Net Asset Value per Equity Share

On a consolidated basis:

Financial Period	NAV per Equity Share (in INR)
As on March 31, 2021	₹ 64.22
As on September 30, 2021	₹ 69.16

# Post Split & Bonus Issue

On a consolidated basis but calculated Net Worth & total equity shares prior to elimination of equity shares capital relating to shares held by the Subsidiary:

Financial Period	NAV per Equity Share (in INR)
As on March 31, 2021	₹ 61.60
As on September 30, 2021	₹ 66.34

Notes:

- (i) *Net Asset Value per Equity Share = Net worth as per the Restated Consolidated Financial Statements / Number of equity shares outstanding as at the end of year/period.*
- (ii) *'Net worth' under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2019; 2020 and 2021 and six months ended September 30, 2021 in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

## 6. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Closing price on October 27, 2021 (₹)	Revenue, for Fiscal 2021 (in ₹ million)	EPS (₹)		P/E	NAV (₹ per share)	RONW (%)
				Basic	Diluted			
Elin Electronics Limited *	5	NA	8649.02	8.53	8.53	NA	69.16	6.84%
<b>Peer Group</b>								
Dixon Technologies (India) Ltd	2	5,146.25	64497.47	27.49	26.87	187.20	125.89	21.67
Amber Enterprises India Limited	10	3,345.20	30636.20	24.96	24.96	134.02	486.92	5.08

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the financial results of the respective company for the year ended March 31, 2021 submitted to stock exchanges

Notes:

\* Based on Restated Financial Statements as on and period ended March 31, 2021

1. *EPS: Basic & Diluted EPS refers to the EPS sourced from the financial results of the respective company for the year ended March 31, 2021*
2. *P/E Ratio: P/E Ratio has been computed based on the closing market price of equity shares on NSE on October 27, 2021 divided by the Basic EPS provided under Note 1.*
3. *Net Asset Value: Net Asset Value is computed as the Net Worth as of March 31, 2021 divided by the equity shares outstanding as on March 31, 2021.*
4. *Return on net worth %: Return on Net Worth (%) is calculated as Profit after tax for March 31, 2021 as a percentage of Net Worth as of March 31, 2021*
5. *Listed peers are as identified by the management and relied upon by us.*

All the financial information for Elin Electronics Limited mentioned above is on a consolidated basis from the Restated Consolidated Financial Statements for the year ended March 31, 2021 and the six months period ended September 30, 2021.

The Offer Price is [●] times of the face value of the Equity Shares. The Offer Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment 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. The trading price of Equity Shares could decline due to factors mentioned in “Risk Factors” on page 25 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

**Date:** November 17, 2021

To,

**The Board of Directors  
Elin Electronics Limited**  
4771, Bharat Ram Road  
23, Daryaganj  
New Delhi – 110002

**Statement of possible special tax benefits (under direct and indirect tax laws) available to Elin Electronics Limited (the “Company”) and its shareholders and its material subsidiary in accordance with the requirements under Schedule VI Part A- Clause (9) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”).**

This Certificate is issued in accordance with the Engagement Letter dated September 30, 2021.

We, Oswal Sunil & Company, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed statement is in connection with the special tax benefits available to the Company, the shareholders and material subsidiary (*as defined under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*) of the Company under direct and indirect tax laws, including the Income-tax Act 1961 (the “Act”), Goods and Service Tax Act, 2017, Custom Act, 1962 and Foreign Trade Policy 2015-2020, each as amended, presently in force in India and applicable for financial year 2021-22, relevant to the assessment year 2022-23 presently in force in India as on the date of this certificate in the enclosed statement at **Annexure I** being prepared by the Company and initialled by us for identification purpose.

Following is the material subsidiary of the Company:

**(a) Elin Appliances Private Limited**

Limitations

Several of these benefits are dependent on the Company or its shareholders or material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Act which are based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure I** are not exhaustive nor conclusive. We were informed that this statement covers only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and is only intended to provide general information to the investors for the Offer 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.

We confirm that **Annexure I** provide in all material respects the tax benefits available to the Company or its shareholders or material subsidiary in accordance with the applicable tax laws as on the date of this certificate. Further, the preparation of the enclosed Annexure I and its contents is the responsibility of the Management of the Company.

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

- (1) The Company or its shareholders or material subsidiary will continue to obtain these benefits in future; or
- (2) The conditions prescribed for availing the benefits have been/ would be met with; or
- (3) The revenue authorities/courts will concur with the views expressed therein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

This certificate may be relied upon by the Company, the Book Running Lead Managers, and the legal counsels appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the draft red herring prospectus, red herring prospectus and prospectus or any other documents in connection with the Offer (collectively, the "**Offer Documents**"). We also consent to the submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law.

We confirm that if the information made available to us by the Company subsequent to issue of this certificate results in change in the information stated above, we will immediately communicate such changes to the Book Running Lead Managers until the date when the Equity Shares allotted and transferred in the offer commence trading on the relevant stock exchanges.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully

**For Oswal Sunil & Company**

**Chartered Accountants**

**ICAI Firm Registration Number: 016520N**

**CA Sunil Bhansali**

**Partner**

**Membership No.: 054645**

**Place: New Delhi**

**UDIN: 21054645AAAABN3870**

*Encl: Annexure I (Statement of tax benefits)*

## Annexure I

### **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO ELIN ELECTRONICS LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES (“TAX LAWS”)**

Outlined below are the Possible Special Tax Benefits available to the Company, its shareholders and its Material Subsidiary under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company, its shareholders and its Material Subsidiary fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders and its Material Subsidiary to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it 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. 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 specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views expressed in this statement are based on the facts and assumptions as indicated above and in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this 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 or to any third party relying on this statement.

#### **I. TAXABILITY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS ‘THE ACT’)**

##### **1. Special tax benefits available to the Company and Material Subsidiary**

There are no special tax benefits available to the Company under the Tax Laws.

##### **2. General tax benefits available to the Company and Material Subsidiary**

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

###### **a) Benefit of lower rate of tax under Section 115BAA of the Act and corresponding benefit under Minimum Alternative Tax (‘MAT’) provisions under section 115JB of the Act**

Section 115BAA has been inserted in the Act by the Finance Act, w.e.f. AY 2020-21, which grants an option to all domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/incentives as specified in sub-clause 2(i) of section 115BAA of the Act.

In case a company opts for section 115BAA of the Act, provisions of MAT under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off.

The option needs to be exercised on or before the due date of filing the tax return of a specific year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company have opted for the lower tax regime under section 115BAA from FY 2020-21.

In view of the same, the tax rate for the company for FY 2021-22 shall be 25.168% as per the provisions of section 115BAA of the Act and MAT provisions specified in section 115JB of the Act would not apply to the Company.

###### **b) Section 32 of the Act Depreciation Allowance**

As per section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates in respect of its tangible and intangible assets.

Further, as per the provisions of section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new plant or machinery acquired and installed during the year. In case such new

plant or machinery is put to use for less than 180 days, the additional depreciation is allowed at 10% of its actual cost in such year and balance 10% of the actual cost in the immediately succeeding year.

However, the Company shall not be entitled for the additional depreciation under section 32(1)(ia) as it has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

**c) Section 36(1)(vii) of the Act Allowance of bad debts written off**

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as deduction for computing the income under the head “Profit and gains of business or profession”, subject to the fulfilment of the conditions as specified in section 36(2) read with section 36(1)(vii) of the Act.

**d) Deductions in respect of donations**

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

However, the above benefit shall not be available to the entity which has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

In view of the same, for FY 2020-21 and onwards the Company shall not be eligible for any deduction under section 80G/80GGB of the Act.

**e) In House Research & Development (R&D) Expenditure**

As per the provisions of section 35(2AB) of the Act, the Company is eligible to claim weighted deduction at the rate of 100% of expenditure (not being in the nature of cost of any land or building) incurred on approved in-house scientific research and development facilities.

However, the above benefit shall not be available to the entity which has opted for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para (a) above.

**f) Deduction for additional employee cost**

As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty percent 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. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in the Act.

**g) Taxation on dividend income**

According to the Finance Act, 2020 any income by way of dividends or income from equity shares are now taxable in the hands of shareholder at the applicable rate and the domestic company or specified company are not required to pay any dividend distribution tax (“DDT”) w.e.f. 01.04.2020.

**h) Taxability of income from capital gains**

As per section 2(42A) of the Act, if the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to immovable property (being land or building or both) and shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long-term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long-term capital asset. Asset not considered as long-term capital asset shall be regarded as short-term capital assets

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the

Act, the tax on long term capital gains resulting on transfer of listed securities (other than those covered under section 112A) and Zero Coupon Bonds shall be the lower of the following:

- a. 20% (plus applicable surcharge and cess) with indexation benefit; or
- b. 10% (plus applicable surcharge and cess) without indexation benefit

The short-term capital gains are chargeable to tax at a normal tax rate (plus applicable surcharge and cess).

As per section 70 read with section 74 of the Act, short term capital loss arising during an year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

### **3. Special tax benefits available to the Shareholders**

There are no special tax benefits available to the shareholders under the Tax Laws.

### **4. General tax benefits available to the Shareholders**

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

#### **4A. For resident shareholders**

##### **a) Exemption on Dividend Income received from Indian Company**

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before the specified due date.

##### **b) Taxability of gain/ loss arising from sale of shares of the Company:**

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

###### **i. Taxability under the head 'capital gains'**

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

- a. 20% (plus applicable surcharge and cess) with indexation benefit; or
- b. 10% (plus applicable surcharge and cess) without indexation benefit

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

ii. Taxability under the head ‘income from business and profession’:

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head “Profits and Gains from Business or Profession” and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

#### **4B. For non-resident shareholders being Foreign Portfolio Investors (‘FPIs’) / Foreign Institutional Investors (‘FIIs’)**

##### **a) Taxability of dividend income from shares of the Company**

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as ‘income from other sources’ at tax rate applicable to such shareholder.

##### **b) Taxability of gain/ loss arising from sale of shares of the Company**

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 115AD read with section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 115AD of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be 10% (plus applicable surcharge and cess) without indexation benefit.

Under section 115AD(1)(ii) of the Act, income by way of short term capital gains arising to the FPI/ FII on transfer of shares of the Company shall be chargeable at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the country of tax residence of the FII/ FPI or the provisions of the Act, to the extent they are more beneficial to the FII/ FPI.

#### **4C. For non-resident shareholders, other than FPIs/ FIIs**

##### **a) Taxability of dividend income from shares of the Company**

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as 'income from other sources' at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

**b) Taxability of gain/ loss arising from sale of shares of the Company**

a. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

- a. 20% (plus applicable surcharge and cess) with indexation benefit; or
- b. 10% (plus applicable surcharge and cess) without indexation benefit

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

b. Taxability under the head 'income from business and profession'

Where the gains arising on the transfer of shares of the Company are included in the business income of transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') between India and the country of tax residence of the non-resident or the provisions of the Act, to the extent they are more beneficial to the non-resident.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

**NOTES:**

1. The above is as per the current Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For **ELIN ELECTRONICS LIMITED**

*Director*

Place: New Delhi

Date: November 17, 2021

## II. TAXABILITY UNDER THE INDIRECT TAXATION

Based on the various documents and the evidences produced before us and discussion with the Management, we would like to certify that the Company and its material subsidiary are not availing any special tax benefit or exemption from tax which is contingent upon fulfilment of conditions nor any other similar special tax benefits, other than stated below:

### (i) Concession Custom Duty on Import

The Company is eligible for concessional import duty on import of certain components for use in manufacture of LED Lighting or fixture including LED lamps under the Customs (Import of Goods at Concessional Rate of Duty for manufacture of goods) Rules, 2017 read with Notification No 50/2017 – Customs dated 30-06-2017 substituted with Notification No 2/2021-Customs dated 01-02-2021.

S. No	Chapter or Heading	Description of Goods	Standard Rate	Integrated GST	Condition No.
471.	Any Chapter	All parts for use in the manufacture of LED lights or fixtures including LED Lamps	10%	-	9
472.	Any Chapter	All inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps	10%	-	9

*Vide Notification No 50/2017 – Customs dated 30-06-2017 substituted with Notification No 2/2021-Customs dated 01-02-2021*

Condition No.	Condition
9	If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

*Vide Notification No 50/2017 – Customs dated 30-06-2017*

Procedure to be followed prescribed under Customs (Import of Goods at Concessional Rate of Duty for manufacture of goods) Rules, 2017:

- 1) The importer who intends to avail the benefit of an exemption notification shall provide information –
  - a. in duplicate, to the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, the estimated quantity and value of the goods to be imported, particulars of the exemption notification applicable on such import and the port of import in respect of a particular consignment for a period not exceeding one year; and
  - b. in one set, to the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs at the Custom Station of importation.

- 2) The importer who intends to avail the benefit of an exemption notification shall submit a continuity bond with such surety or security as deemed appropriate by the Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, with an undertaking to pay the amount equal to the difference between the duty leviable on inputs but for the exemption and that already paid, if any, at the time of importation, along with interest, at the rate fixed by notification issued under section 28AA of the Act, for the period starting from the date of importation of the goods on which the exemption was availed and ending with the date of actual payment of the entire amount of the difference of duty that he is liable to pay.
- 3) The Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, shall forward one copy of information received from the importer to the Deputy Commissioner of Customs, or as the case may be, Assistant Commissioner of Customs at the Custom Station of importation.
- 4) On receipt of the copy of the information under clause (b) of sub-rule (1), the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs at the Custom Station of importation shall allow the benefit of the exemption notification to the importer who intends to avail the benefit of exemption notification.
- 5) Importer who intends to avail the benefit of an exemption notification to give information regarding receipt of imported goods and maintain records. - (1) The importer who intends to avail the benefit of an exemption notification shall provide the information of the receipt of the imported goods in his premises where goods shall be put to use for manufacture, within two days (excluding holidays, if any) of such receipt to the jurisdictional Customs Officer.

**NOTES:**

1. The above is as per the current indirect tax laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For **ELIN ELECTRONICS LIMITED**

*Director*

Place: New Delhi

Date: November 17, 2021

## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is obtained or extracted from the independent report titled “Assessment of Electronics Manufacturing Services (EMS) Industry in India” dated October 2021, prepared and released by Frost & Sullivan and commissioned and paid for by our Company. 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. While preparing its report, Frost & Sullivan has also sourced information from publicly available sources, including our Company's financial information available publicly. However, financial information relating to our Company presented in other sections of this Draft Red Herring Prospectus has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Draft Red Herring Prospectus.*

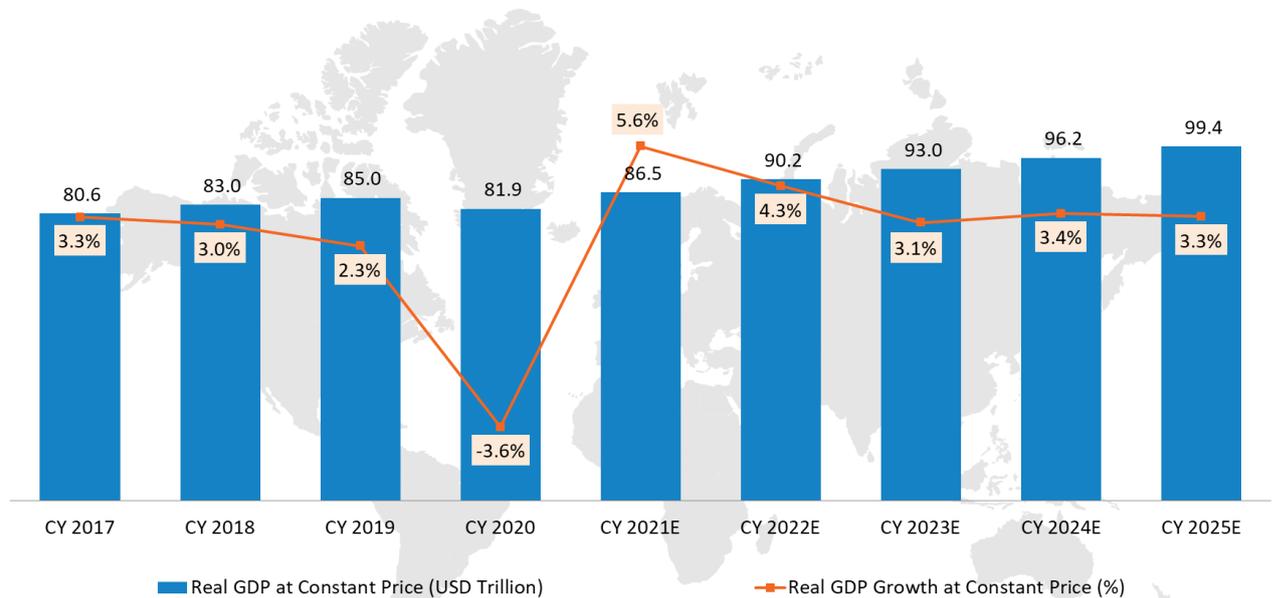
*The F&S Report is available for inspection on the website of our Company at <https://www.elinindia.com/investors/>. For details, see “Material Contracts and Documents for Inspection” on page 375.*

### GLOBAL MACROECONOMIC OVERVIEW

#### **Global Real GDP and Growth Outlook**

The global economy (real GDP), which is now in the path of steady recovery, has undergone significant stress in the last few years due to extended trade conflicts, slowdown in investments across the world and then a novel virus. Global economy was showing signs of slowdown since 2018 and then entered into a recession in 2020 owing to the unprecedented crisis caused by COVID-19 pandemic. The pandemic started from China around December 2019 and then had spread across the continents with alarming speed, infecting millions and bringing economic activity to near standstill in Q2 and Q3 of 2020 as many countries had to impose strict restrictions to curb the spread of the virus. World now has vaccines to fight this disease and companies have developed innovative business models including adoption of digital measures to continue with their businesses. Pent up demand, caused by economic stagnation and improvement in the supply situation are now fuelling the recovery of global economy which is poised to stage its most robust post-recession recovery in 80 years in 2021. The global GDP is expected to grow at a CAGR of 3.9% by CY20

***Real GDP and Real GDP Growth (Annual %age Change), Global, Value in USD Trillion, Growth in %, CY2017-CY2025E***



Note: E refers to Estimate

Source: IMF, World Economic Outlook, 2021; World Bank; Frost & Sullivan Analysis

The pandemic, in its peak, had created several issues for the manufacturing industries such as supply chain disruptions, labour issues, sluggish demand and fall in exports. In order to survive, companies across the globe had to adopt drastic measures such as employment and wage cuts. This had a circular effect on the global economy. Job losses coupled with salary reductions and delayed payments resulted into significant decline in consumer spending which in turn affected the economy and further job losses. Travel, hospitality, banking, construction and manufacturing were among the worst-affected industries.

Impact of the pandemic was severe among the weaker economies in 2020. Most of the African countries faced severe economic downturn especially the countries with large energy exports such as Algeria, Angola and Nigeria. Fluctuations in the oil prices, cold war among major Oil & Gas producers coupled with the impact of the global economic slowdown had affected the Middle Eastern economies adversely. The Latin American region, which has been grappling with many socio-economic issues such as poverty, inequality, debt crisis, low economic growth etc., the pandemic had further worsened the situation. Latin America has also been one of the worst hit regions due to the COVID-19 pandemic.

However, the situation is lot better and brighter in 2021 and the global economy is on the path of a strong recovery. Global economy is likely to grow by 6% in 2021, largely on the inherent strength of the major economies such as the United States, China, Japan, Germany, United Kingdom and India. While global economic bodies have made upward revisions in their growth projections for most of the economies, many weaker and developing economies will continue to grapple with COVID-19 for the next few years.

## GLOBAL ELECTRONICS INDUSTRY OVERVIEW

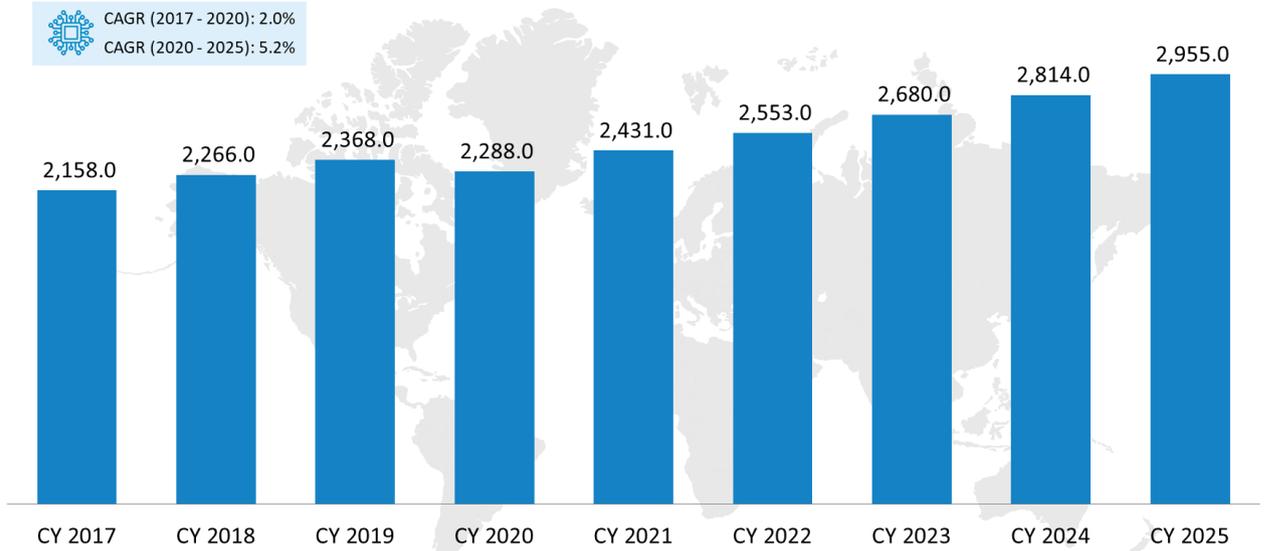
### **Global Electronics Industry**

The global electronics industry has evolved tremendously over the last 60 years. Global demand for electronics industry is created by emerging and multiple disruptive technologies. The overall electronics market is inclusive of electronics products, electronics design, electronics components and electronics manufacturing services. Traditionally a strong growth market however, the market contracted by 3.4 % in 2020, owing mostly to decline in private expenditure triggered by the COVID-19 pandemic.

The global electronics industry has been valued at USD 2,288 billion in 2020. As per Frost & Sullivan analysis, the industry is expected to grow at a CAGR of 5.2 % to reach USD 2,955 billion by 2025. Some of the critical factors driving this growth are increasing disposable income, improved acceptability of audio and video broadcasting, higher internet penetration, inclination of the youth towards next gen technologies, emergence of e-commerce etc.

### ***Overall Electronics Industry, Global, Value in USD Billion, Growth in %, CY2017-CY2025E***


 CAGR (2017 - 2020): 2.0%  
 CAGR (2020 - 2025): 5.2%



Note: E refers to Estimate

Source: Frost & Sullivan Analysis

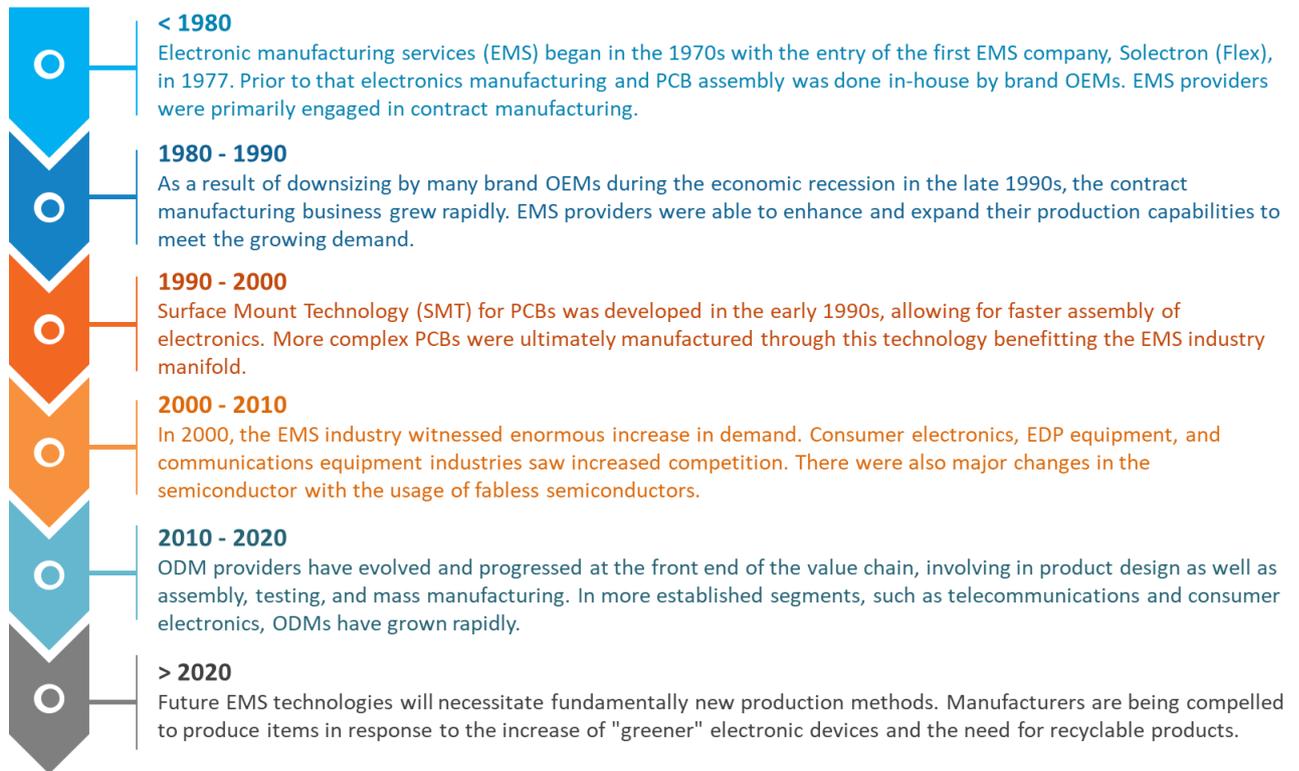
## Introduction to Electronics Manufacturing Services (EMS) Industry

The global electronics manufacturing services market traditionally comprised of companies that manufacture electronic products, predominantly assembling components on Printed Circuit Boards (PCBs) and box builds for major brands. Today brands are seeing more value from EMS companies, leading to involvement beyond just manufacturing services to product design and developments, testing, aftersales services, such as repair, remanufacturing, marketing, and product lifecycle management.

### Evolution of EMS Industry

The EMS market was established more than five decades ago to execute manufacturing designs from government, defence, and research institutions. As the years progressed, the EMS market grew to support the demand that exceeded manufacturing capacity of the Brands. By mid 1990s, the advantages of EMS concept became extremely evident and major brands started outsourcing PCB Assembly in large scale. By the end of 1990s and in early 2000s, several brand having own manufacturing facility sold their assembly plants to the EMS players, aggressively striving for the market share. A wave of partnerships followed as the more cash-rich EMS companies started buying the existing plants and the smaller EMS companies to consolidate their position in the global market.

#### *Evolution of EMS Industry, 1980 to 2020*



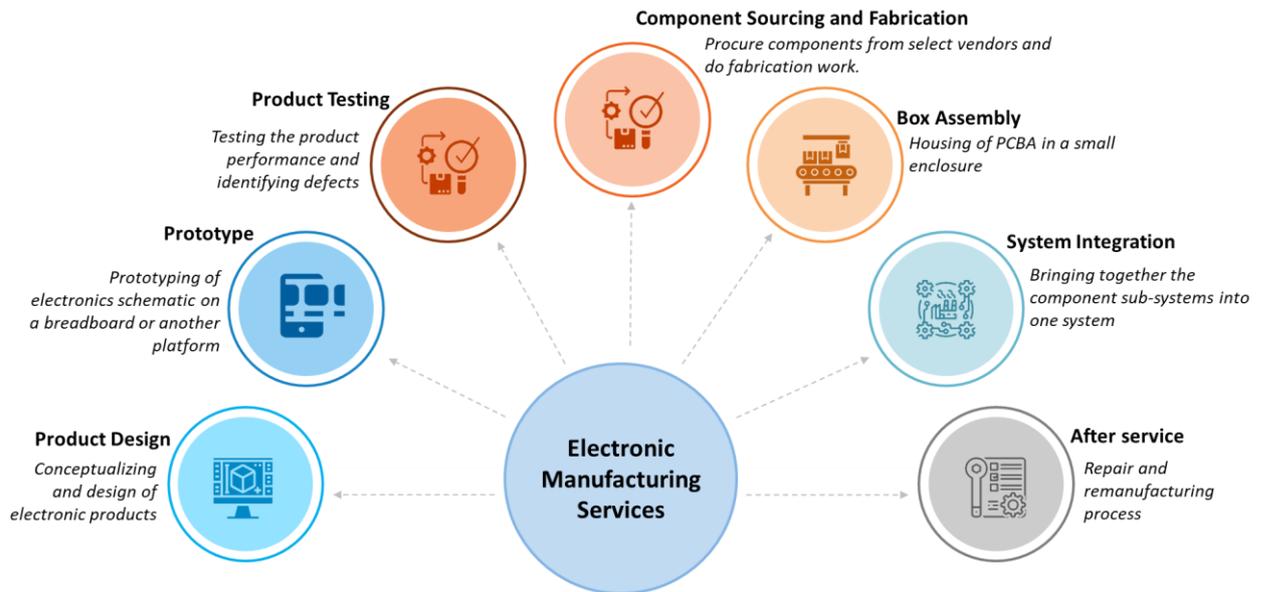
Source: Frost & Sullivan Analysis

As the technology advances, the size of the components and the circuits usually becomes smaller. With the demand for the novel features and products growing up in recent years, manufacturers are turning towards more state-of-the-art and sophisticated technical solutions to streamline their manufacturing processes. Electronics manufacturing is observing substantial traction in the adoption of the advanced robots, due to their capability to perform tasks at enhanced precision levels. Artificial intelligence is another transformative technology in the EMS segment, primarily changing the way the machines function and interconnect. Partnerships, mergers, agreements, and other types of strategic initiatives are becoming more and more prevalent among the Brands, EMS providers, OEMs, ODMs, and stakeholders as they work to familiarize to the speedy transitions in the manufacturing space.

### **Range of services offered by EMS companies globally**

EMS companies are equipped to provide a gamut of services which include design, assembly, manufacturing, and testing of electronic components for brands. These companies can be contracted at different points in the manufacturing process. While large EMS companies have the capability to offer an entire range of services starting from design, sourcing of components, assembly and testing (also known as ODM), small and mid-size EMS companies offer primarily assembly and testing services (referred as OEMs).

### ***Range of Services offered by Electronic Manufacturing Service companies, Global, CY2020***

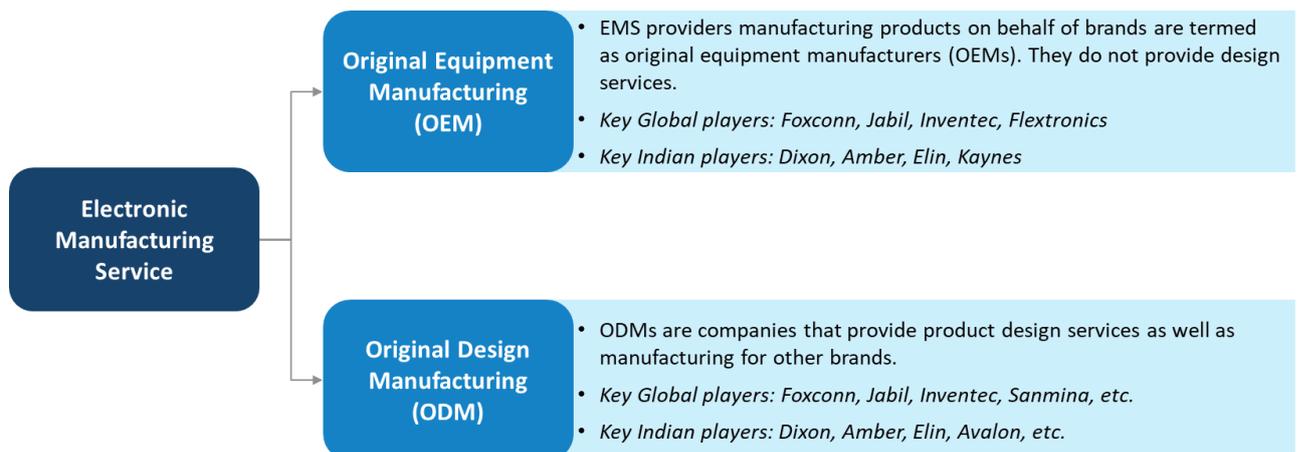


Electronic manufacturing contains different levels of automation, depending on the capability of the service providers and the projects they can deliver. Corporations that yield large runs of products, typically employ heavily automated manufacturing. Service providers who specialise in the small production or prototypes, runs manual assembly of Printed Circuit Boards to save time and cost. Electronics manufacturing services differ by the service providers and an EMS company can provide any combination of the following: product design, prototyping, sourcing of components, PCB assembly, cable assembly, electro mechanical assembly, box assembly, testing and aftermarket services.

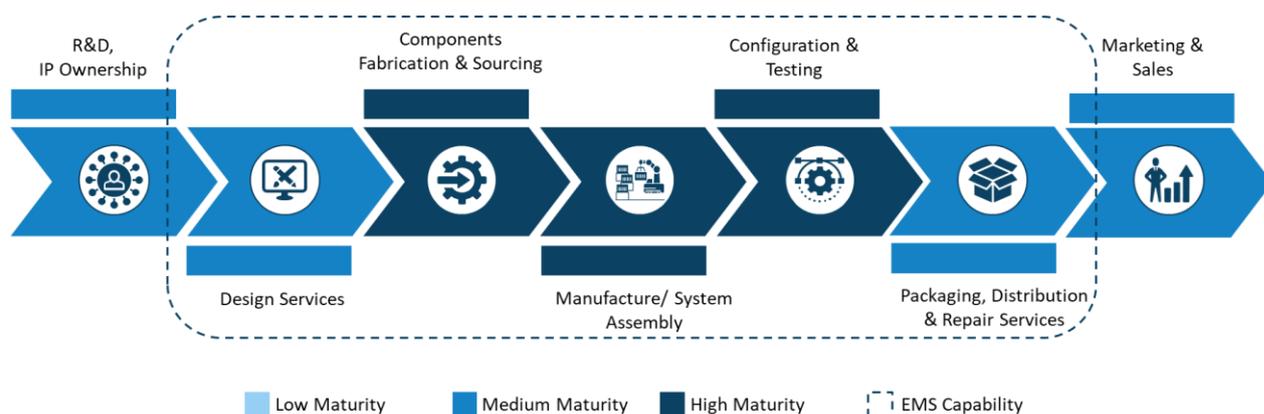
**Manufacturing capabilities:** EMS companies are engaged in manufacturing of diverse set of electronic and associated products some of which has been described below:

- **Printed circuit boards (PCBs):** are the flat boards that hold various types of active and passive components and considered as the heart of any electronics equipment.
- **Microelectronics:** deals with the production of small semiconductor components that contains flip chip and chip on board devices. Flip chips are integrated circuits that connect to the external circuitry using the solder bumps deposited on the chip.
- **Motors:** EMS providers also manufacture motors that power electronic products, particularly FHP motors and Induction motors. The EMS companies design custom motor products considering various aspects of applications, and address the need of mass production with advanced technology.
- **Sheet Metal and Plastic Components:** Many EMS companies also manufacture sheet metal and plastic components using facilities such as stamping, injection moulding etc. The process involves various techniques from the initial design stage to the assembly and preparation of the final product.

#### Definition of OEM and ODM in EMS industry



### Value Chain of EMS Industry, Global, CY 2020



Source: Frost & Sullivan

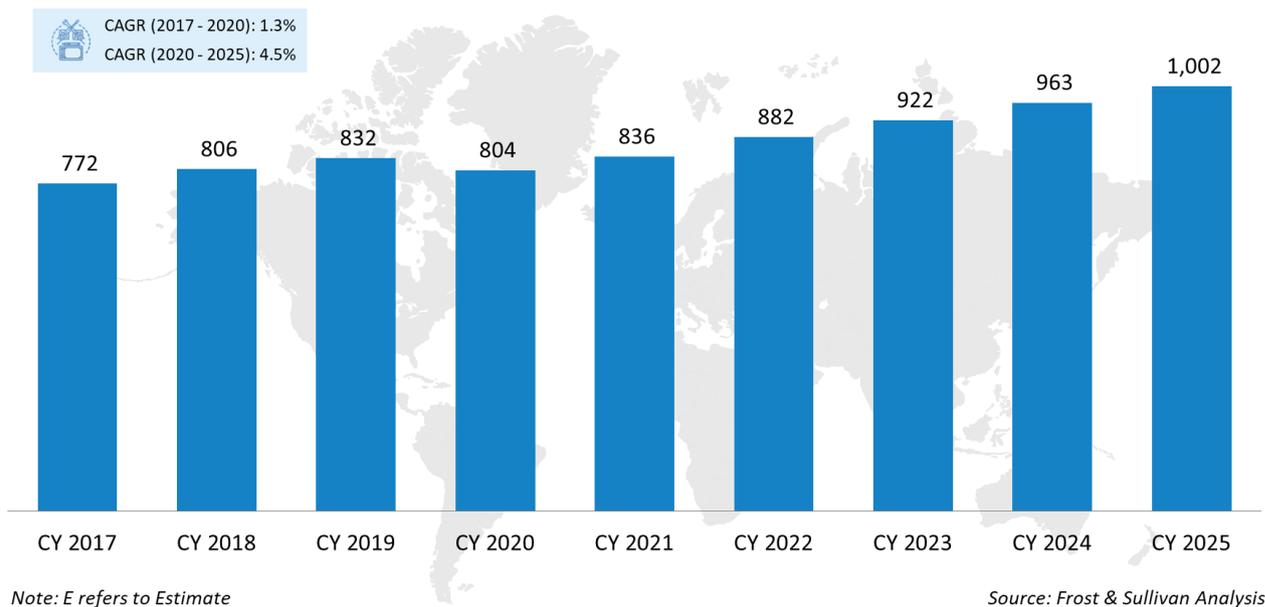
Globally the EMS market is well established and most service providers have high maturity levels in component fabrication, system assembly and testing. In the last few decades, the market has expanded to offer design and development services and after sales services such as repair and remanufacture, marketing, and product lifecycle management. Recently, some market participants have even started offering software solutions due to the increased penetration of digitization in the end markets they serve.

### Size of Global Electronics Manufacturing Services (EMS) Industry and Outlook

The global EMS market witnessed a period of steady growth till 2018, riding on the wave of increased outsourcing activities from brand manufacturers and increasing electronics content. However, in 2019, the opportunities started stagnating due to multitude of factors. Firstly, decline of global automotive sales and saturation of consumer electronic sales. Secondly, supply chain restriction due to heightened trade tensions between US and China.

While the industry was still coming to terms with the above setbacks, a bigger blow was waiting for the industry in the form of the COVID-19 pandemic. The pandemic-induced lockdown produced an even more complicated environment for the industry affecting demand, supply, and manufacturing activities. Despite growing demand in the Q4, EMS industry recorded a 3.4 % decline in 2020. Impact on the industry was expected to be higher, however certain factors worked in favour of the industry. These are – a. the pent-up demand created by the need for life-sustaining medical devices; b. the work-from-home economy, which created demand for smartphones, tablets, and laptops; and c. the push for climate change, which created demand for Digitalization or Digital softwares/products/solutions that can track, monitor, measure and verify sustainability initiatives.

### Electronics Manufacturing Services (EMS) Industry, Global, Value in USD Billion, CY2017-CY2025E



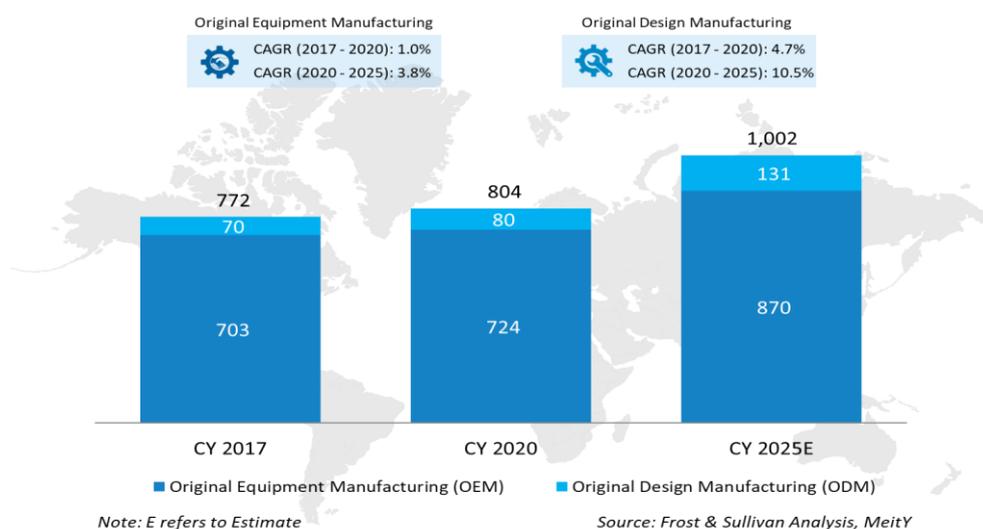
Moving ahead, the EMS industry is anticipated to grow rapidly over the following years, surpassing pre-COVID-19 revenue level by 2021 or 2022. According to Frost & Sullivan analysis, the EMS market will face challenges with supply chain in 2021, which will have a medium restraining effect. The issue is expected to be resolved by the end of 2021 through various measures including part localization. Additionally, as the electronics content increases, the demand for electronic components will increase in future which will drive the EMS market. EMS providers are increasing their focus on the design aspects which would also add into their revenue stream going ahead. According to market participants, technological expertise would add to the competitive advantage of EMS providers and will increase their revenue opportunities.

## Global EMS Market Splits

### 1. By ODM vs. OEM

Large EMS companies who have mastered the art of manufacturing and assembly, are now trying to move up in the value chain and planning to offer additional services such as Design, Testing and Sourcing of components - In short, the industry is moving from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM). The share of ODM business is likely to increase from 10% in 2020 to 13% in 2025.

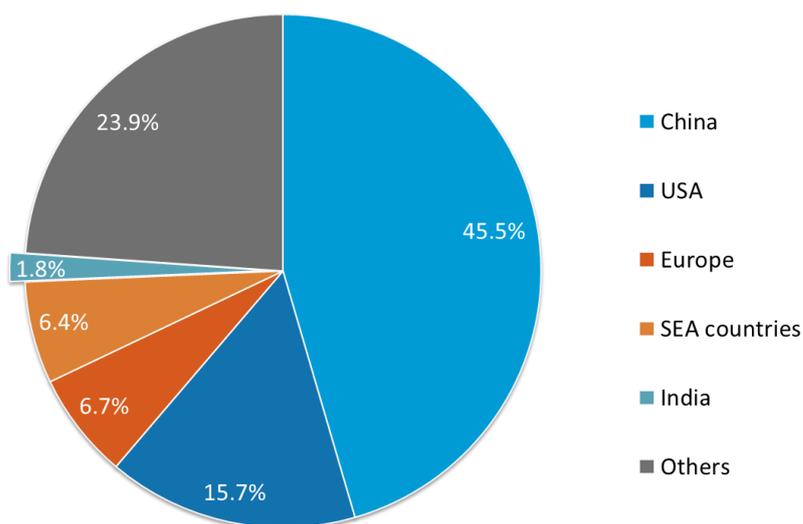
#### EMS Market break-up by OEM and ODM, Global, Value in USD Billion, CY2017, CY2020 and CY2025E



### 2. By Geography

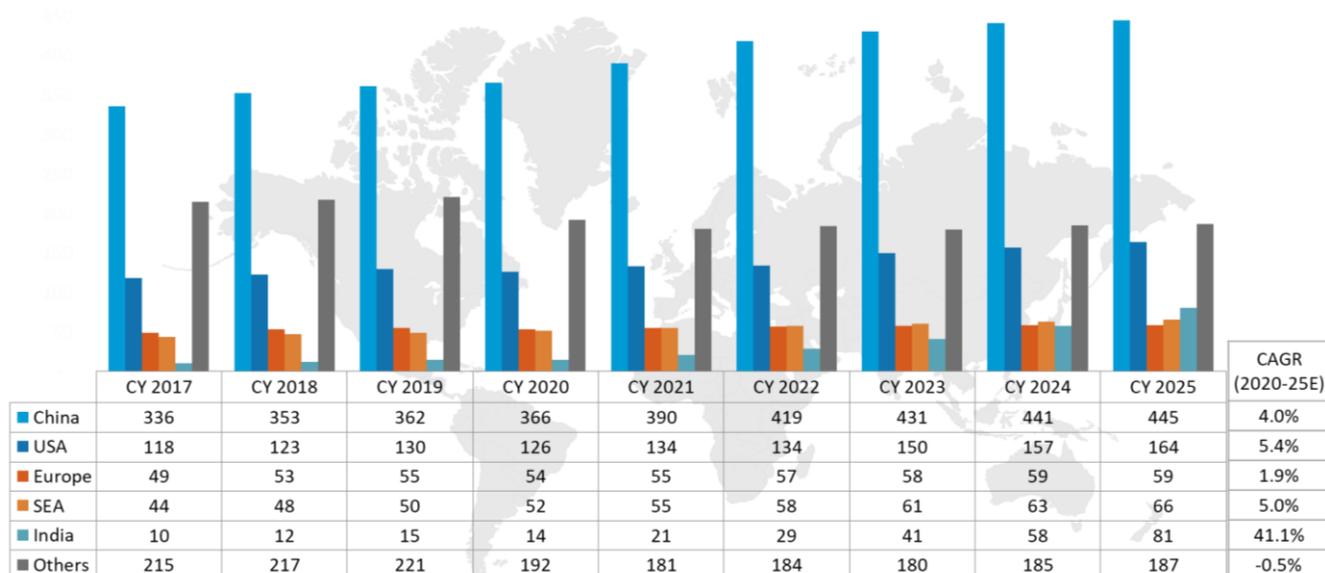
China leads the global EMS business with almost 48% share. Its dominance in the global market is attributed to a blend of cost effectiveness and technological leadership in electronics manufacturing. It is a high growth region due to operational cost benefits, availability of a large number of highly skilled personnel, infrastructure, logistical advantages, and proximity to the largest end-user base across all end-user verticals. However, post Covid-19 pandemic, many global electronics manufacturers are contemplating on China + 1 strategy and looking for alternate manufacturing locations for exports business. This is creating tremendous investment potential for countries like Vietnam, India, and Philippines etc. India contributes to approximately 2.8 % of the global EMS market in 2020. However, there is a strong push from the Govt. to make India an ideal location for Electronics manufacturing in the region. Under the National Policy on Electronics (NPE), India announced various programmes in 2019, including EMC 2.0, to enhance the infrastructure of electronics manufacturing and offer incentives to manufacture more products that promote EMS in India. The PLI programme, which benefited electronics manufacturing firms, was introduced in 2020. In the southern state of Tamil Nadu, in Chennai, an EMS corridor is being built. The EMC Smart City investment in Greater Noida is planned at USD 162.7 million. Jabil, Dixon, Flextronics, SFO, Elin Electronics, Rangsons, Kaynes, and Centum are among the companies that have invested in manufacturing capacity as a result of Make in India policy efforts.

**EMS Market break-up by select countries, Global, Value in USD Billion, CY2020**



Source: Frost & Sullivan Analysis

**EMS Market break-up by select countries, Global, Value in USD Billion, CY2017-CY2025E**



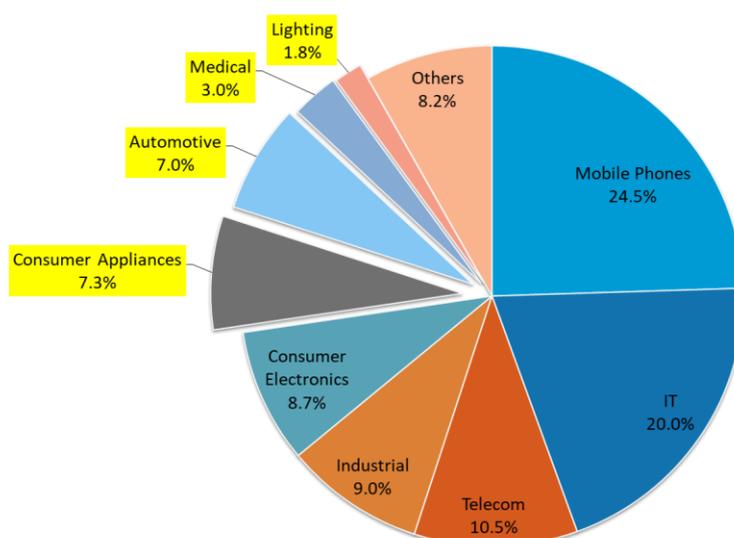
\* Others include: Rest of Asia, Latin America (LATAM), Middle East & Africa (MEA)

Note: E refers to Estimate

Source: Frost & Sullivan Analysis

### 3. By End-User segments

#### EMS Market break-up by Industry Applications, Global, Value in USD Billion, CY2020



# Segments highlighted in yellow are the key business segments for Elin

\* Others include: Aerospace & Defence, Energy, etc.

Source: Frost & Sullivan Analysis

#### Products included under each industry application:

- **Mobile Phones:** Smart Phones and Feature Phones
- **IT:** Computer, Laptops, Tablets, Printers, etc.
- **Telecom:** BTS, GPON, modems, routers, servers, etc.
- **Industrial:** Energy meters, HMS, PLC, SCADA, Inverter, etc.
- **Consumer Electronics:** Television, Air Conditioning, Washing Machine, etc.
- **Consumer Appliances:** Small appliances (Fans, Water Heater, etc.) and Kitchen appliances (Mixer-Grinder, Hand-blender, etc.)
- **Automotive:** ABS, AMT, Body Control Modules, Engine Control Unit, etc.
- **Medical:** All related medical electronic equipment
- **Lighting:** CFL, LED and LCU
- **Others:** Aerospace & Defence, Data centre & Cloud Storage, Energy, etc.

Consumer appliances have had a consistent performance in the last few years, which is aided by growth in advanced economies and developing countries. EMS manufacturers have also profited from rising consumer spending and technological improvements. Rising demand for smart solutions will fuel future growth. Furthermore, Brand and EMS manufacturers are progressively supplying both premium and mid-range appliances in order to meet the growing demand for both product categories and increase revenue.

LED lighting has grown from strength to strength over the last decade driven by energy efficiency regulations, widespread manufacturing and reduced prices of LED light sources. Smart LED lights have rapidly entered the residential market and widespread commercial adoption. Leading manufacturers are looking to add new applications into their portfolio by partnering with niche application providers.

Automotive is one of the key growth opportunity verticals for EMS providers in the next 5 years, due to the technology transformation currently underway with autonomous cars development and electric car commercialization activities. Moreover, the rapidly growing electronics content will accelerate the growth of EMS revenue from this vertical.

Medical devices electronics manufacturing services are a key revenue opportunity in the others segment. Though the COVID-19 pandemic has created a surge in demand for EMS in this vertical, it is important to carefully assess the demand level for the mid and long terms.

#### Government incentives and programs to support Electronics industry (Focus on India)

Across nations, there is a strong government push to broaden the operations and revenue from the electronics industry. Some of the key initiatives by the Indian Govt. have been highlighted below:

The government of India has been proactively building a base for electronics manufacturing in India and it has launched numerous incentive schemes, which have allowed manufacturing growth, reduced dependence on the imports, and promoted the exports. The GOI has launched numerous policies over the last few years to increase the innovation, protect the intellectual property, and develop the best-in-class electronics manufacturing set-up to build a favourable environment and invite the investment in the electronics hardware manufacturing. India's electronics production has more than doubled in the past five years from INR 3.2 Trillion in FY16 to INR 7.8 Trillion in FY21 depending on such favourable incentive schemes. Some of the key schemes/ policies include:

- **Product Linked Incentive (PLI) Scheme:** The scheme was announced in the years 2019 by the Government of India considering the incremental investment and sales of manufactured goods. Initially introduced for Mobile Phones, later on expanded to IT Hardware and White goods (Air Conditioners and LED Lighting).
- **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** The aim is to strengthen the manufacturing ecosystem of electronic components and semiconductors. Target manufacturing of electronic components and semiconductors through the scheme will help meet domestic demand, increase value addition and promote employment opportunities in this sector. Incentives of up to INR 32.85 Billion will be awarded under the Scheme over a period of 8 years.
- **Modified Electronics Manufacturing Clusters Scheme (EMC 2.0):** It is aimed to strengthen the infrastructure base for the electronics industry and deepen the electronics value chain in India. The scheme provides financial incentives for creating quality infrastructure as well as common facilities and amenities for electronics manufacturers. Financial Incentives of up to INR 37.62 Billion will be disbursed over a period of 8 years.
- **Merchandise Exports from India Scheme (MEIS):** The scheme falls under foreign trade policy of India, replacing five other similar incentive schemes in the past. As per this scheme the government of India provides benefits up to 4 % depending on the country of exports and the products. Rewards under the scheme are payable as %age of realized free-on-board value

The incentive schemes within National Policy on Electronics 2019 include Scheme for Promotion of Manufacturing of Electronic Components & Semiconductors (SPECS), Production Linked Incentive (PLI) Scheme and Modified Electronics Manufacturing Clusters Scheme (EMC 2.0), which stand to help a varied range of electronics manufacturing enterprises.

### **Geopolitical situation and their positive impact on the Indian EMS industry**

**US-China Trade War:** Beginning in the early 2017, the Trump government began making threats of tariffs on the Chinese imports. In the month of March of 2018, the administration endorsed its first of three rounds of tariffs which ultimately covered a varied range of Chinese exports comprising many manufactured by the country's 4,500+ EMS companies. The imports are transferred to other countries due to the trade war between these 2 major economies. Asian countries especially India, Vietnam and Indonesia, are likely to benefit more than the rest of the world due to lower wages and their geographical proximity to China.

**Rising labour cost in China:** The aspiration level of Chinese workers has increased and they are focusing on high-tech jobs, leaving gaps in the low end of manufacturing value chain. This has led to scarcity of the labour and a higher cost due to lack of availability of the manpower. The average cost of manufacturing labour per day is USD 6.2 in India and USD 28.2 in China, which make manufacturers to move out of China.

**Threat on EMS industry in China:** Over the past few years, China has realized its stake of challenges, and what some individuals recognize as the potential threats to China's current position as the world's biggest EMS host country. Trade tensions, allegations of currency manipulation, and a resurrection of economic patriotism in the US, UK and some other western nations have all formed a new level of emphasis and scrutiny on the China's EMS business. On top of these challenging concerns, none of which have been fully resolved, the Covid-19 pandemic has caused major supply disruptions around the world. All of the above issues have been exacerbated by allegations and blame games, resulting in a perfect storm for China's EMS industry. OEMs' need to diversify their supply chain to reduce risk has fuelled the expansion of the EMS industry in countries like India, Vietnam and Mexico. Mobile phones from brands such as Apple, Xiaomi, Vivo, Oppo etc., which were earlier imported from China, are now manufactured in India. EMS partners of these companies such as Foxconn, Wistron, Pegatron, etc. have all invested in manufacturing facilities in India which have given huge boost to the Indian EMS industry.

**Covid-19 driven disruption in supply chain:** The COVID-19 pandemic has disrupted the manufacturing supply chain and curtailed the commodity demand. Although manufacturing of mobile phones is boosted through 'Make in India' initiative, India is heavily dependent on China for supply of raw materials, components and accessories. Such high dependency on imports with some critical components being produced in China is expected to have significant impact in

the future if there is reoccurrence of any similar outbreak. Hence, OEMs based out of India are planning to develop local supply chain in order to follow 'China + 1' strategy and become 'Atmanirbhar (Self Reliant)'.

## INDIAN ELECTRONICS INDUSTRY OVERVIEW

### **A. Real GDP**

The last decade was a mix bag for the Indian economy and the country has seen see-saw movement in the GDP growth between 2010 and 2020. Indian real GDP growth has steadily increased from 5.5% in FY13 to 8.3% in FY17. The growth was robust and fundamentals were strong. However, the growth started slowing down since FY18 and reaching a low of 4.0% in FY20. Eminent economic experts have cited Demonetisation and GST implementation as the key reasons for this moderation in growth.

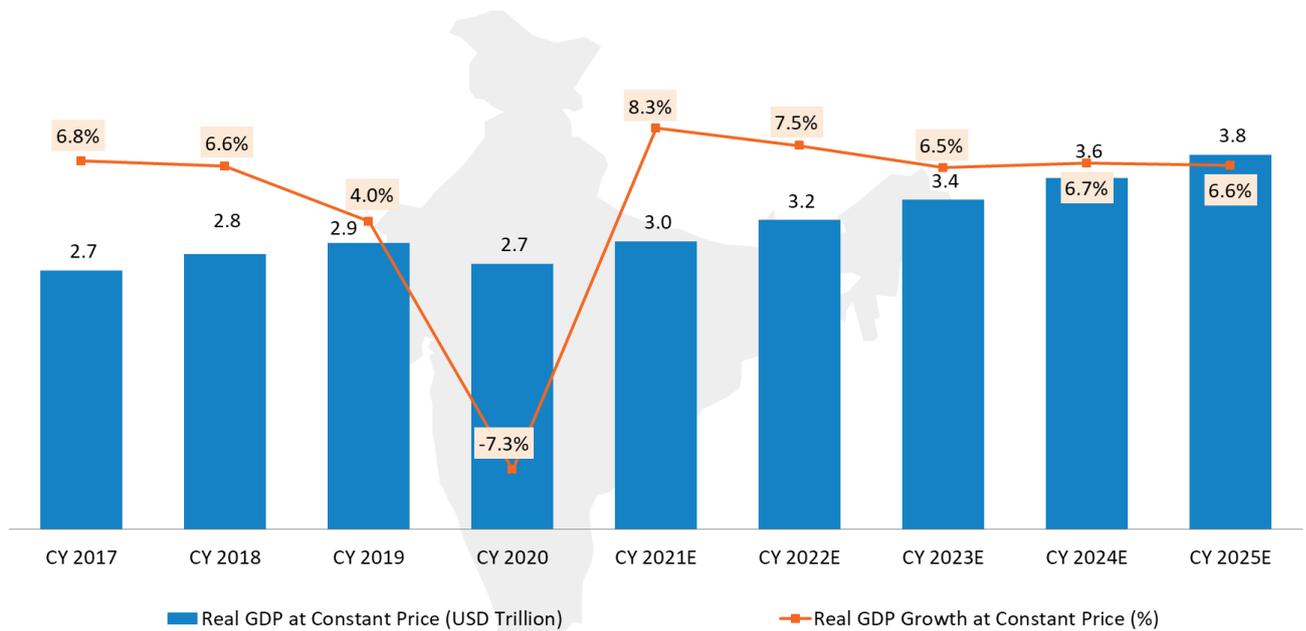
### **India Macroeconomic Outlook**

The Indian economy continued to grow between 2017 and 2019. However, there was a moderation in the growth rate during these years. As the Government was taking various measures to counter this slowdown, Covid-19 created havoc in 2020 which resulted in 8% contraction of the country's economy. This was worst ever economic performance by India, worst year in terms of economic contraction in the country's history and much worse than the overall contraction in the world. Unemployment rate was more than 20% in April and May 2020 and individual income dropped by more than 40% during this period. Private consumption, the mainstay of aggregate demand, was severely affected by the pandemic. As per NSO estimate, Private Final Consumption Expenditure (PFCE) contracted by 9.0 per cent in 2020-21, reflecting impact of the stringent nation-wide lockdown and social distancing norms, heightened uncertainty as a result of transitory and permanent job losses, closures of small, micro and unincorporated businesses and wage resets.

However, the country has showed tremendous resilience in these difficult times and macroeconomic indicators started improving gradually since Q3 2020. The medium term growth outlook is very positive and country is likely to record a growth of 12.5 % in 2021 and 6.9 % in 2022, on account of strong macroeconomic fundamentals including moderate inflation, implementation of key structural reforms and improved fiscal and monetary policies. Among all large economies, India is likely to demonstrate a rapid and sustainable growth post COVID-19, driven by strong manufacturing-led industrial expansion and consumption demands from the private sector.

One of the key reasons for the anticipated growth of Indian economy is the country's focus on the manufacturing sector. Indian manufacturing sector's contribution has increased from 16 % to over 18 % in the past 10 years buoyed by initiatives like the "Make In India" and sector specific initiatives to various manufacturing companies that aim to make India a global manufacturing destination. Similarly, the Government of India has also introduced Production Linked Incentives (PLI) scheme for large-scale electronics manufacturing. The scheme proposes production-linked incentive to boost domestic manufacturing and attract large investments in - Large Scale Electronics Manufacturing (mobile phones and specified electronic components), IT Hardware (Laptops, Tablets PCs and Servers) and White Goods (Air Conditioners and LED Lighting) including Assembly, Testing, Marking and Packaging (ATMP) units.

***Real GDP and Real GDP Growth (Annual %age Change), India, Value in USD Trillion, Growth in %, CY2017-CY2025E***

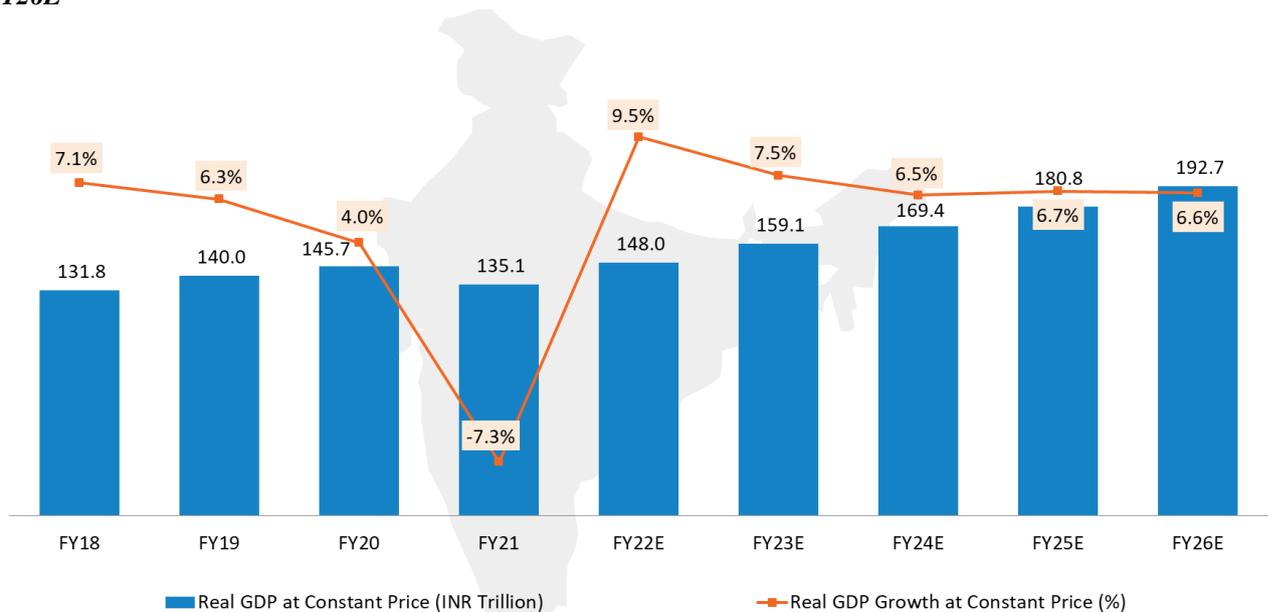


Note: E refers to Estimate

Source: IMF, World Economic Outlook, 2021; World Bank; Frost & Sullivan Analysis

The pandemic has also created unique growth opportunity for India. Supply chain disruption during the pandemic has forced many countries and organization to re-think on their sourcing strategy and reducing dependency on one country for the entire supplies. These large companies are now looking for alternate low-cost manufacturing locations in South East Asia and South Asia and India is emerged as one of the sought after investment destinations for many of these organization. As there would be re-alignment of global supply chain in the coming years, India is likely to benefit immensely from these strategic decisions and likely to become a manufacturing powerhouse in the coming years. Favourable business environment, liberal FDI norms, constantly improving ‘Ease of Doing Business’ rankings, enormous consumer base and rapidly improving digital infrastructure are some of the key factors that will drive investment in India in the coming years.

**Annual Real GDP and Real GDP growth (Annual %age Change), Value in INR Trillion, Growth in %, , India, FY18-FY26E**



Note: E refers to Estimate

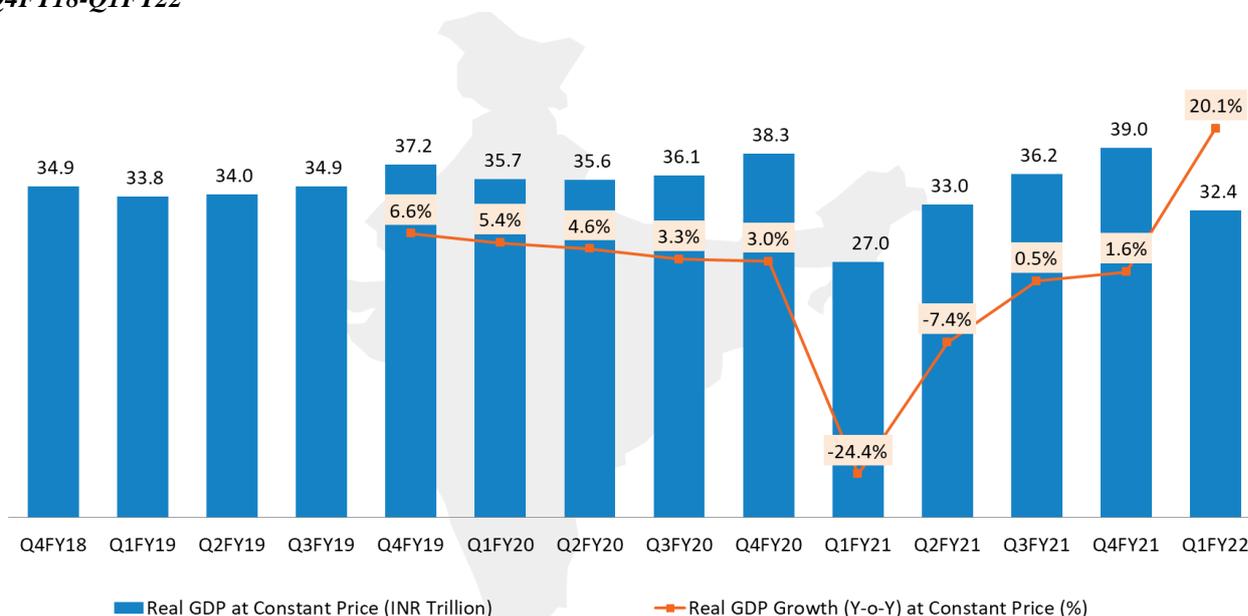
Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), IMF; Frost & Sullivan Analysis

While the Government was taking corrective measures, the economy received a jolt from Covid-19 pandemic in the beginning of FY21. During the first wave (March 2020 onwards), the Indian government had to enforce four-phase countrywide lockdown till May 2020 in order to curb the spread of the virus.

The economy has started to bounce back from Q3 FY21 on the back of huge pent-up demand and festive season. While industries such as travel & tourism, aviation, hospitality, construction were impacted heavily, some of the industries such as healthcare, pharmaceuticals, e-commerce, and electronics products experienced phenomenal growth during this period.

FY22 outlook is strong and the Indian economy is expected to register 9.5 percent growth in this financial year. Govt. has taken slew of measures to bring the economy back into track. There is strong focus on growth of the domestic manufacturing sector through various policy initiatives such as Atmanirbhar Bharat, PLI schemes etc. These initiatives will help the economy to register stable growth of approximately 6.5 percent in the medium term.

**Quarterly Real GDP and Real GDP growth (Quarterly %age Change), Value in INR Trillion, Growth in %, India, Q4FY18-Q1FY22**



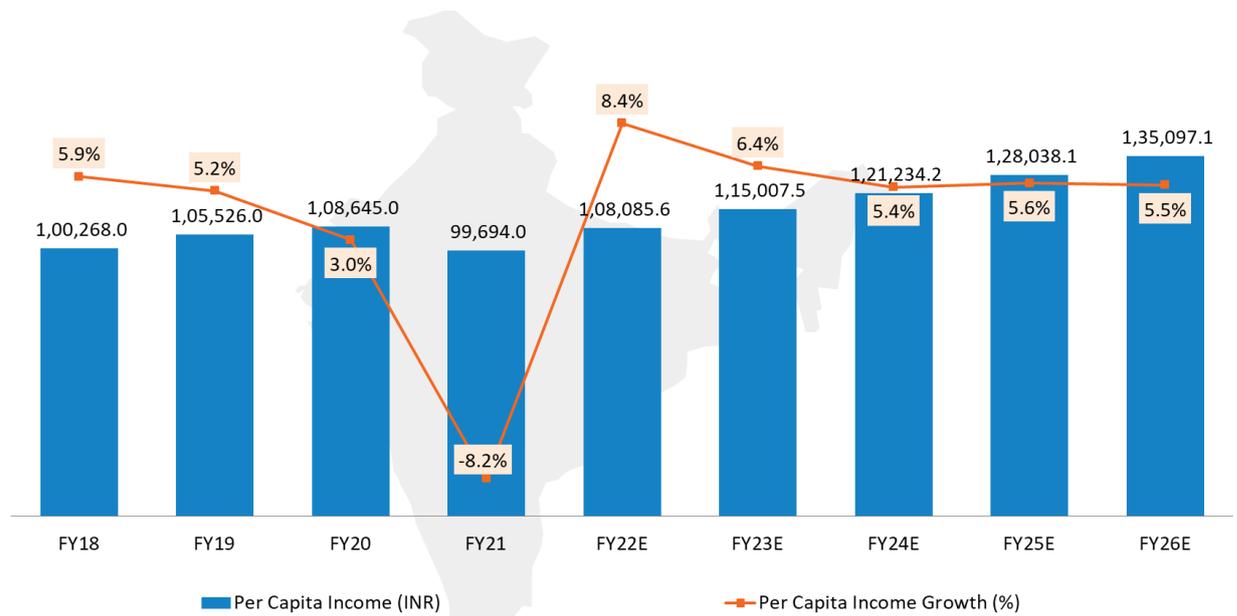
Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), IMF; Frost & Sullivan Analysis

Similar to FY21, FY22 also started on a sour note as the second wave of the pandemic swept across the country. However, the economy showed extreme resilience and recorded 20.1 % growth in April – June quarter of this financial year. Outlook for FY22 is strong and the economy is expected to grow by 9.5 % in this financial year.

**B. Per Capita Income**

The per capita income is a broad indicator of prosperity of an economy. India's per capita income, calculated in correlation to Real GDP, was INR 99,694 during FY21 compared to INR 108,645 in FY20, an approximate decline of 8.2 %. As the economy is reviving, it is expected that the per capita income will increase by around 8.4 % during FY22 to touch INR 108,085. Post that, the growth is likely to be stable at approximately 5.5% CAGR over the medium term.

**Per Capita Income and Growth (Annual %age Change), Value in INR, Growth in %, India, FY18-FY26E**



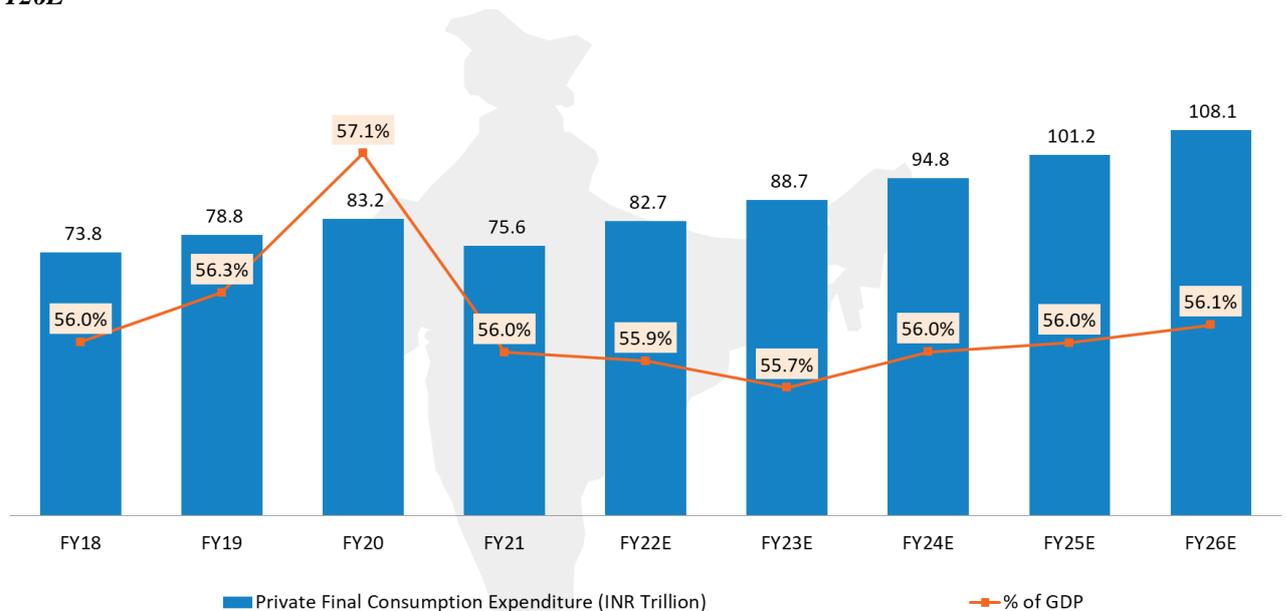
Note: E refers to Estimate

Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), IMF; Frost & Sullivan Analysis

### C. Private Final Consumption Expenditure

India's Private Final Consumption Expenditure (PFCE) has declined by 9.1% in FY21. Consumption expenditure growth has been slowing through the last decade. The blow of the COVID-19 pandemic has put it back on the time machine. The FY21 PFCE was not only 9.1% lower than FY20; it was also 4.1% lower than FY19. This shrinking of consumption expenditure had a direct impact on the intermediate industries that feed India's consumption engine. As the threat and uncertainty around Covid-19 has significantly declined in the last few months, consumer confidence is coming back and PFCE is expected to catch-up with pre-COVID levels within this financial year. After that, the PFCE is expected to be stable at approximately 56% in the medium term. The PFCE is expected to grow at a CAGR of 7.4% from FY20 to FY26.

#### *Private Final Consumption Expenditure and Contribution to Real GDP, Value in INR Trillion, % of GDP, India, FY18-FY26E*

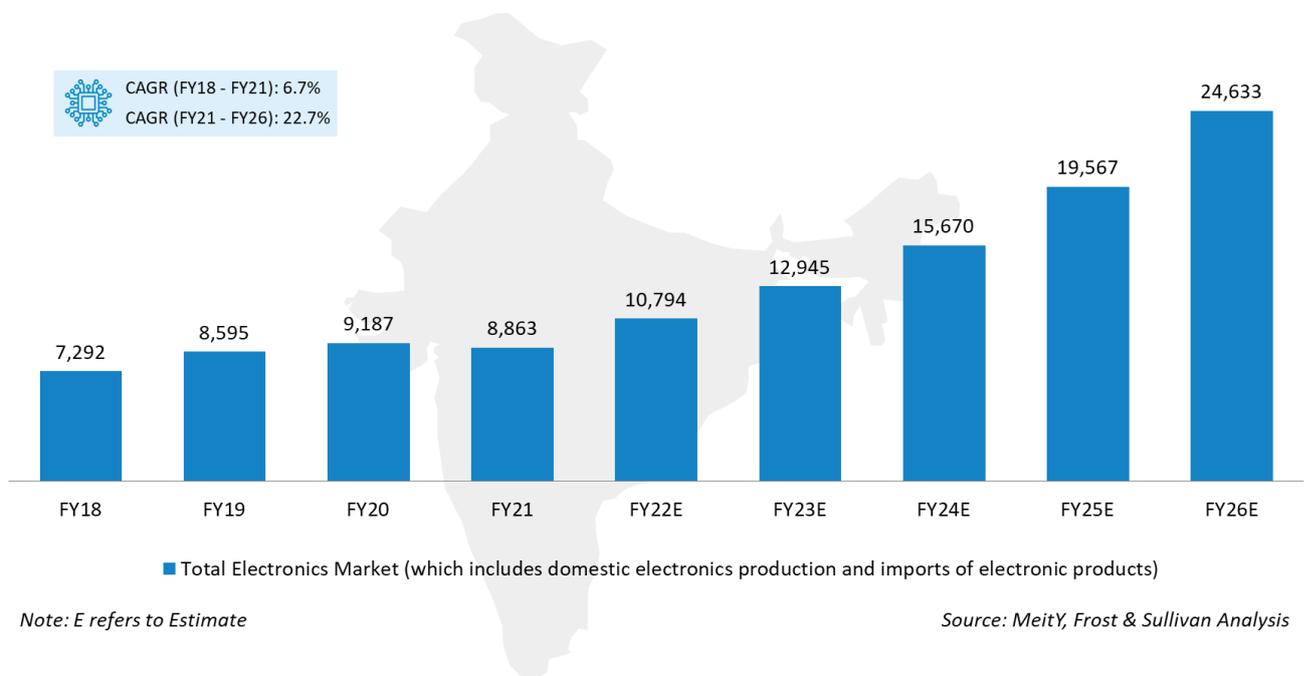


Note: E refers to Estimate

Source: MoSPI (Annual Estimates of GDP at constant price, 2011-12 series), IMF; Frost & Sullivan Analysis

### Indian Electronics Industry - Historical Trends and Outlook

#### *Total Electronics Market, Value in INR Billion, India, FY18-FY26E*

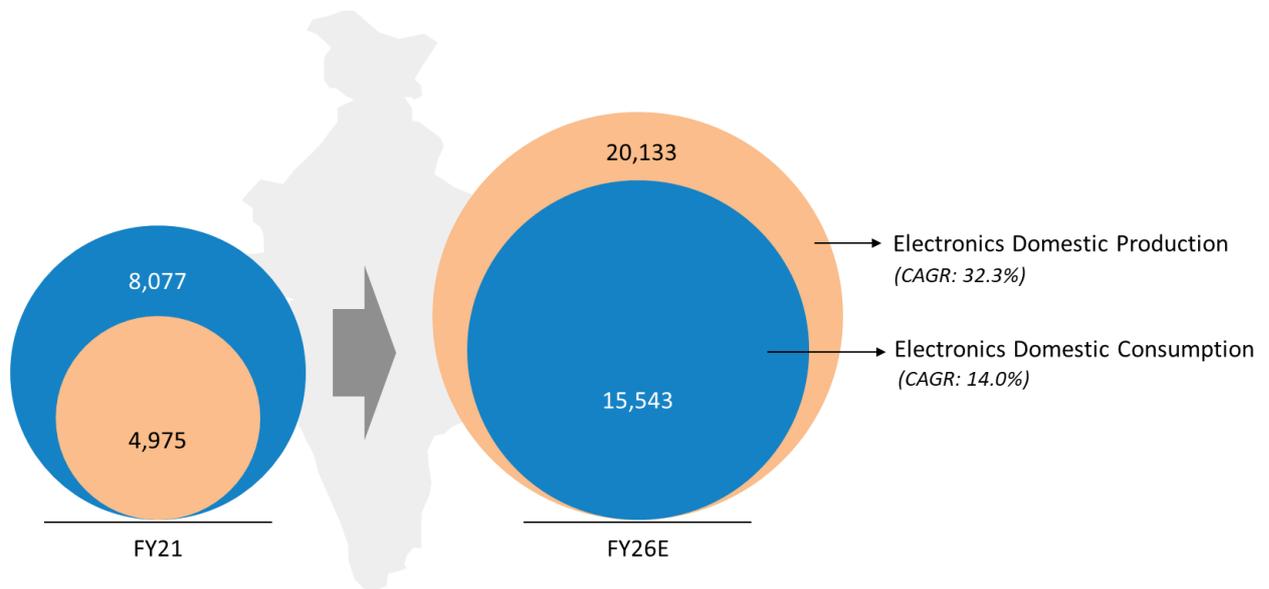


Electronics is one of the fastest growing industries in the country. The total electronics market (which includes domestic electronics production and imports of electronic products) in India is valued at INR 8,863 Billion (USD 120 Billion) in FY21, which is expected to grow at a CAGR of 22.7% to reach INR 24,633 Billion (USD 333 Billion) in FY26. The domestic production of electronics is around 56% of the total electronics market in FY21, which is expected to reach around 82% by FY26, with the help of various government initiatives and development of electronic ecosystem in India. Also, the global landscape of electronic design and manufacturing is changing significantly, and revised cost structures have shifted the attention of multinational companies to India. At present, the Indian government is attempting to enhance manufacturing capabilities across multiple electronics sectors and to establish the missing links in order to make the Indian electronics sector globally competitive. India is positioned not only as a low-cost alternative, but also as a destination for high-quality design work. Many multinational corporations have established or expanded captive centres in India.

### Trends in Electronics Consumption vs. Share of Domestic Manufacturing

The government's stated objective of enhancing manufacturing capability within India has been backed by creation of a favourable environment. Whether it is the customs duty for certain products or removal of duties on components or encouraging local component manufacturing, there has been appreciable movement to drive domestic manufacturing. The government has also taken several steps towards increasing the ease of doing business, which has resulted in increased manufacturing setups by multiple foreign manufacturers in the country. This environment has certainly encouraged the EMS/OEM/ODM segment as electronics brands continue to push for collaboration and partnership. In recent years, India's demand for electronic products has increased substantially, primarily due to India's development in the EMS segment. At present, India is the second largest mobile phone manufacturer in the world, while the Indian start-up ecosystem is still evolving, and the potential that Indian start-ups have shown is a huge opportunity for the country.

### Overview of Electronics Industry - Domestic Consumption Vs Production, Value in INR Billion, India, FY21 and FY26E

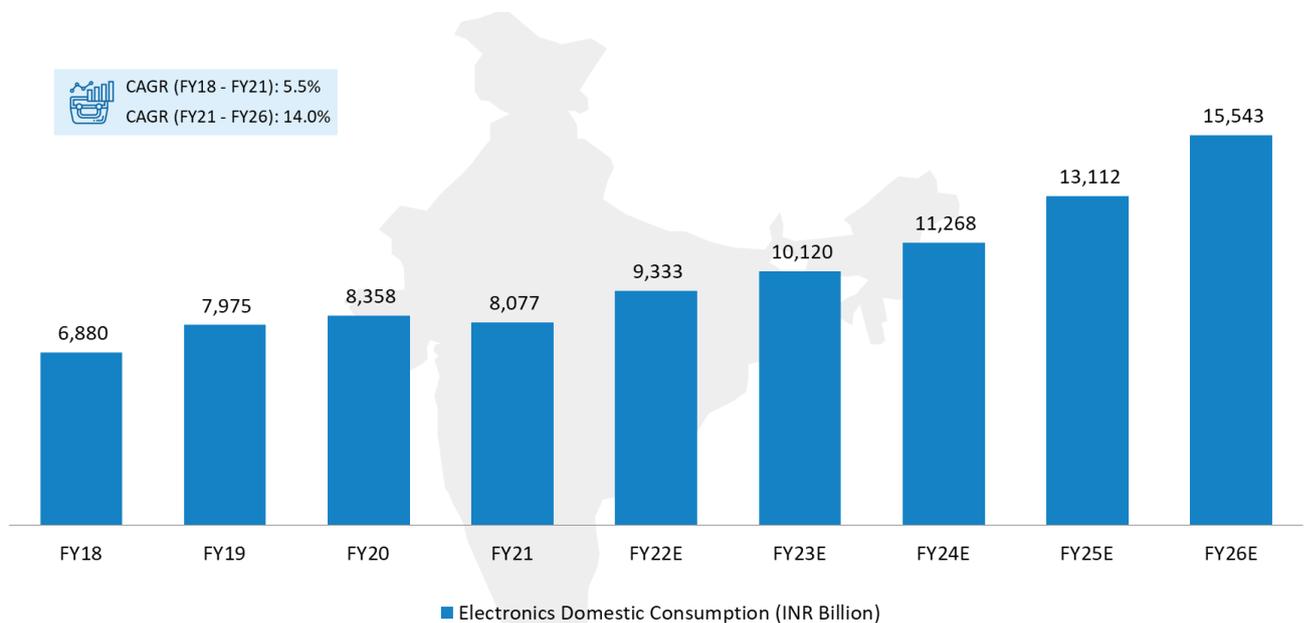


Note: E refers to Estimate

\* Values in INR Billion  
Source: MeitY, Frost & Sullivan Analysis

### Consumption of Electronics Products in India (Focus on the Segments where Elin Electronics operates)

#### Electronics Domestic Consumption Market, Value in INR Billion, India, FY18-FY26E



Note: E refers to Estimate

Source: MeitY, Frost & Sullivan Analysis

Electronics consumption market in India is estimated at INR 8,077 Billion (USD 109 Billion) in FY21, and is expected to grow at the rate of 14.0% to reach INR 15,543 Billion (USD 210 Billion) by FY26. India's vast consumer base is one of the largest in the Asia-Pacific region, and the country's electronics industry is one of the fastest growing in the world.

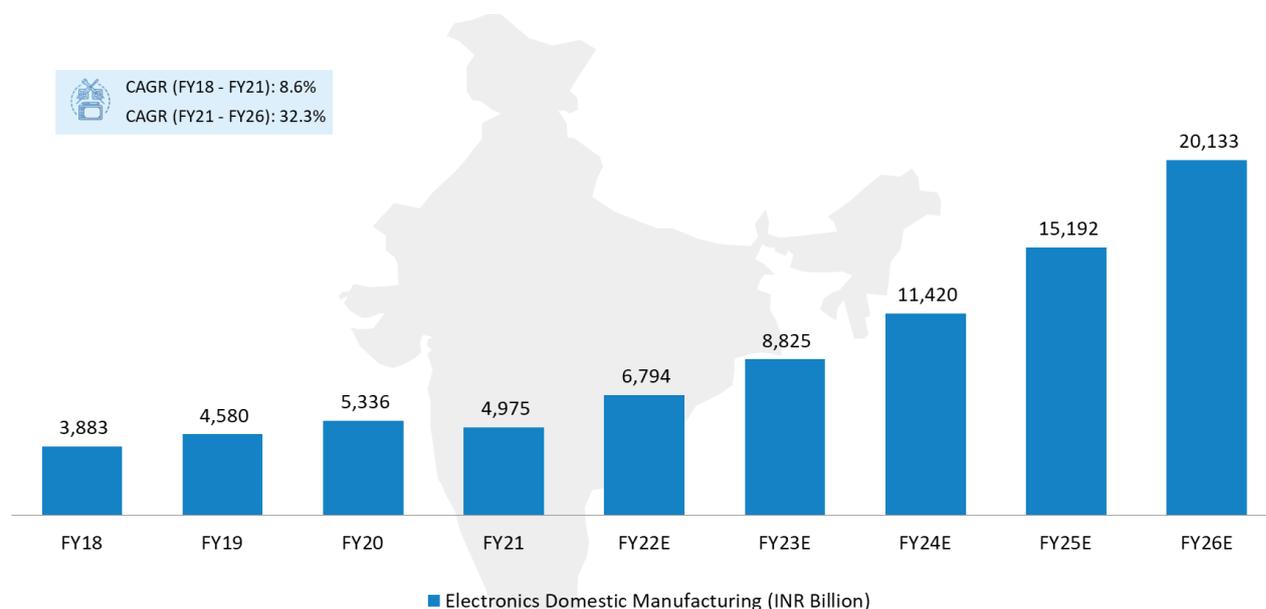
- **Consumer electronics** - is one of the largest segments which have a broad category of electronic products that includes televisions, cameras, audio players, and a range of other household items. Growing awareness, greater access, changing lifestyles, higher discretionary incomes, and reduction in per unit prices are the key drivers.
- **Consumer appliances** - which include kitchen and other small appliances, are growing at a faster rate at an overall level in the market. Evolving lifestyle trends, Growth of e-commerce, health awareness are some of the key factors driving this growth. Kitchen appliances such as mixer grinder and others are having better penetration in the market.
- **Fans** - market in India, is relatively less price sensitive when compared to other consumer electrical appliances. This is due to the tropical climate of the country, which demands 2-3 fans per household running at an average of 14 hours

a day. Given the high population growth rate, cities such as Delhi have witnessed rapid suburban growth over the past decade.

- **LED lighting** - technology has taken the Indian market by storm with government, commercial and residential segments witnessing phenomenal growth. Automated and interconnected, smart lighting solutions will see usage in lighting applications and LED lighting products are expected to act as enablers in this regard.

### Domestic Manufacturing Scenario

#### Electronics Domestic Manufacturing Market, Value in INR Billion, India, FY18-FY26E



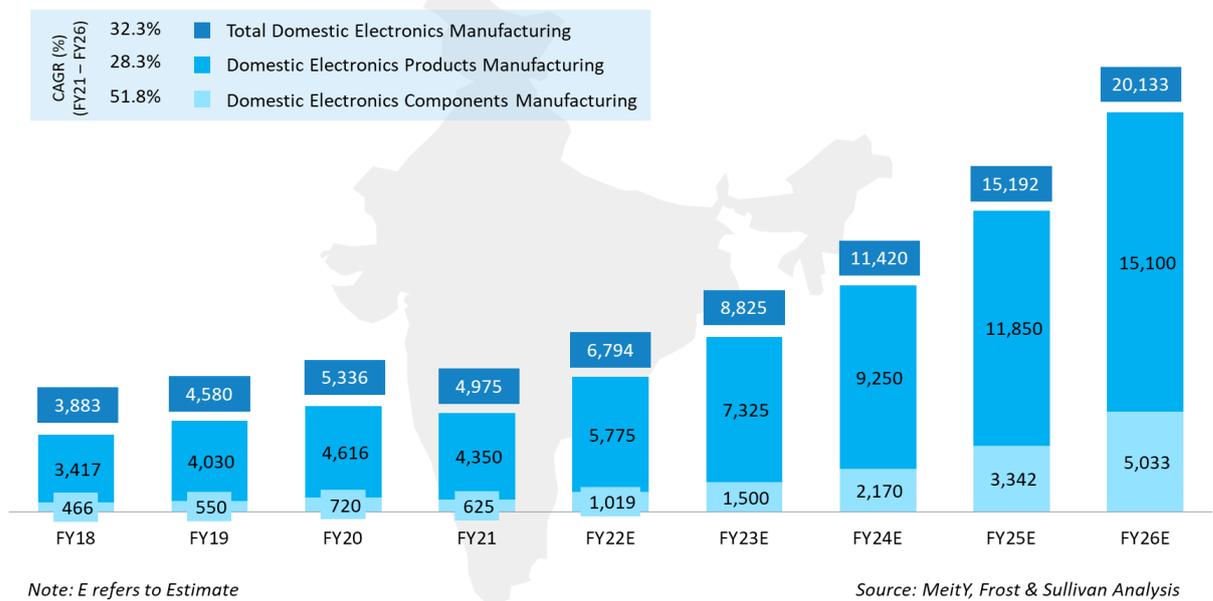
Note: E refers to Estimate

Source: MeitY, Frost & Sullivan Analysis

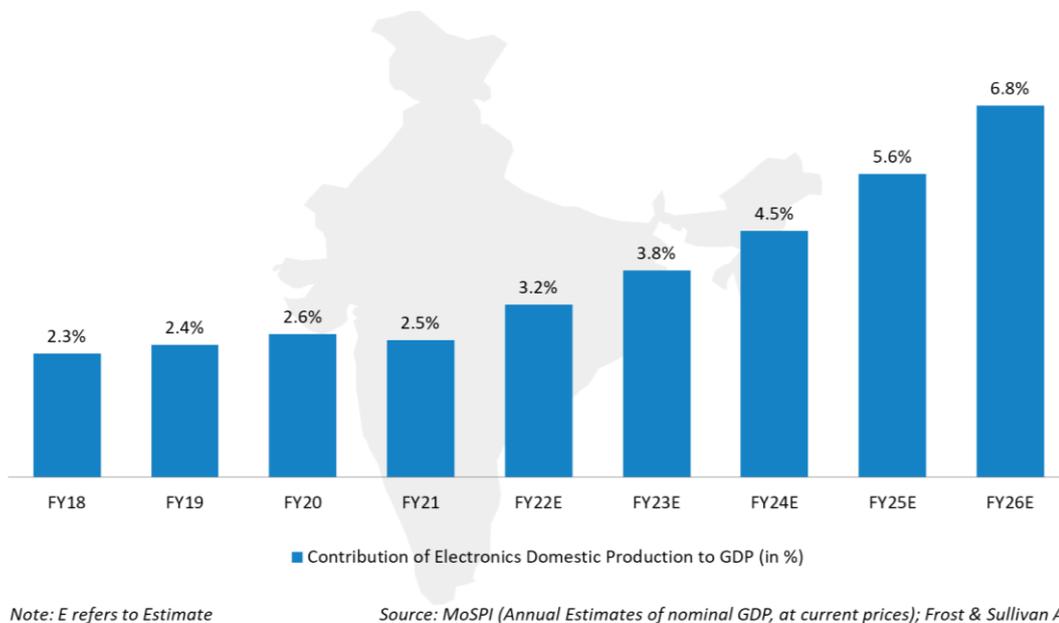
Electronics production in India is estimated at INR 4,975 Billion (USD 67 Billion) in FY21, and is expected to grow at a CAGR of 32.3% to reach INR 20,133 Billion (USD 272 Billion) by FY26. India has the potential to be one of the most attractive manufacturing destinations and support the objective of ‘Make in India for the World’. Government and Industry needs to collaborate and drive initiatives to help India move among top 5 countries in electronics production and among top 3 in electronics consumption. To improve the manufacturing capability in the electronics industry, the Government of India has taken several initiatives and developed a series of policies that would be implemented in the short to medium term. The policies must be reviewed at regular intervals in order to determine their efficacy in achieving the intended objective of increasing the manufacturing capability.

The success of the PLI scheme for the electronics segment in encouraging large-scale manufacture of electronics products is being viewed with great confidence. Similarly, the National Policy on Electronics (NPE) aims to make India a global hub for electronic system design and manufacturing and has fixed some aspirational targets. Excellent opportunities for increasing electronics manufacturing are estimated to come from consumer electronics and appliances, the automotive sector, lighting, electronic components, and the medical electronics sector. India will have to find a way out of being a part of the global value chains to increase production and exports. The biggest challenge before India is to make a fast transition to the manufacturing of high-technology electronics. Electronic products do need continuous design modifications, as end-users expect creativity and continuous innovation. Consequently, the design and development of electronics products is often undertaken by ODMs. The earlier a brand engages an ODM for product design and development services, the sooner the product enters high-volume production.

#### Total Domestic Electronics Manufacturing Market split by Products vs. Components manufacturing, Value in INR Billion, India, FY18-FY26E



### Contribution of Total Electronics Domestic Manufacturing to Indian GDP, in %, India, FY18-FY26E



In FY21, the electronics production in India contributed to 2.5% of the nominal GDP (at current prices), which is expected to increase to around 6.8% by FY26. The Government's objective is to provide domestic manufacturers with a better facility to make them competitive with imports into the industry by simplifying the tariff system, simplifying the procedures, giving incentives and improving the infrastructure. Considerable high value added manufacturing takes place in the consumer electronics and appliances segment and most products command high brand equity globally, offering an excellent opportunity for EMS companies to export. Constantly increasing logistics and raw material costs are resulting in a rise in total manufacturing costs, which is affecting the brands. This serves as a catalyst for brands to choose the ODM model, which provides an end-to-end solution, including product design and after-sales support, owing to better margins and increased visibility. Additionally, ODM offers to collaborate with the brands on product localisation and design.

### Key Growth Drivers for Electronics

#### Key Growth Drivers for Consumer Electronics Segment

- Rising urbanization and disposable income

- Growing prominence of e-tail industry
- Rapid technological advancements leading to newer product introductions
- Influence of smart electronics and the changing life style preferences
- Favourable policies and Regulatory framework by the Government of India

**Rising urbanization and disposable income:** Demand for the consumer electronics in India has been growing on the back of the rising incomes; this particular trend is all set to continue even as the other factors like the rising rural incomes, a growing middle class, increasing urbanization and changing lifestyles aid the demand growth in the sector. Substantial increase in the discretionary income and the easy financing arrangements have led towards reduced product replacement cycles and developing life styles where consumer electronics are perceived as the utility items rather than the luxury possessions.

**Growing prominence of e-tail industry ushers multitude of options and convenience in shopping:** E-commerce platform is fast capturing the imagination of customers and is becoming popular among a large section of customers. Internet transactions in consumer electronics and home appliances have grown tremendously over the past couple of years. The expansion of internet access, the growing usage of smartphones, and the increased number of internet retailers have aided in growth. The lower unit prices via internet retailing made the channel more attractive than brick-and-mortar retailers. Time to market, cost savings and scale are the major advantages of online sales.

**Rapid technological advancements leading to newer product introductions at various price offerings:** Advancement in the technology and the higher competition are driving the price reductions across numerous consumer electronics product segments like computers, refrigerators, mobile phones and TVs. With the “Make in India” initiative, numerous domestic and the foreign manufactures are investing in India to set up their production plants which is going to produce more affordable products.

**Influence of smart electronics and the changing life style preferences:** Modern technology has paved the gateway for the multi-functional devices like the smart watch and the smartphone. Computers are much faster, more portable, and higher-powered than it was ever before. With all of these uprisings, technology has also made our lives easier, better, faster and more fun.

**Favourable policies and Regulatory framework by the Government of India:** The Indian consumer electronics sector has attracted numerous significant investments in the form of mergers and acquisitions by key global competitive companies, as well as other FDI inflows. Some of the key growth factors for the consumer market include the government of India's policies and regulatory frameworks, such as the easing of licence restrictions and the permission of 51 % FDI in multi-brand retail and 100 % FDI in single-brand retail.

#### Policy initiatives that are driving domestic Electronics manufacturing in India

The Government of India is encouraging domestic manufacturing through supporting policies and initiatives that are likely to lead to overall development in the ecosystem and will open up gates of opportunities for companies, vendors, and distributors in the market. Incentives for local manufacturing, demand side support through Government procurement, import barriers via duties and favourable steps like GST that reduced complexity of operations, are pull factors for MNCs to invest in India. Some of the key initiatives/ schemes/ programs introduced by the government in boosting the electronics industry in India include:



**Make in India:** In 2014, the government of India announced this initiative to make India a global manufacturing hub, by facilitating both domestic as well as International companies to set-up manufacturing bases in India. As per the scheme, government released special funds to boost the local manufacturing of mobile phones and electronic components. It has also introduced multiple new initiatives, including promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. The Make in India initiative, a part of the ‘Atmanirbhar Bharat Abhiyan’ (Self-reliant India), would provide an additional boost to country’s business operations by encouraging substitution of imports of low-technology products from other countries and generating demand for local manufacturing. Atmanirbhar Bharat Abhiyan is planned to get carried out in two phases:

- Phase 1: The emphasis will be on segments like medical, textiles, electronics, plastics and toys
- Phase 2: For products like gems and jewellery, pharma and steel, etc.

**Production Linked Incentive (PLI) Scheme:** The scheme was initially announced in the year 2019 by the Government of India considering the incremental investment and sales of manufactured goods specifically to mobile phones and components market in India. It is expected to promote exports in the next few years. As per the scheme, a total production of INR 11,500 Billion is expected including INR 7,000 Billion exports in the next five years. Production Linked Incentive Scheme (PLI) for large scale electronics manufacturing was notified in April 2020.



As per the 2021-22 budgets, under the PLI scheme the government has allotted INR 355 Billion for Mobile Manufacturing and Specified Electronic Components, which is much higher than any other scheme. It has different thresholds of investments required for domestic vs. international companies. Fully integrated domestic players are going to be the biggest beneficiary of this scheme. This scheme will definitely help India Inc. to be an integral part of the global supply chain. Initially introduced in mobile phone production, this policy is being expanded to other sectors as well. The scheme is also extended to white goods (Air conditioners and LED lighting) and select few electronic/ technology

products.

***PLI Scheme in 10 Key Sectors for Enhancing India's Manufacturing Capabilities and Enhancing Exports, Atmanirbhar Bharat, FY21***

Sectors	Implementing Ministry/Department	Approved financial outlay over a five-year period (INR Billion)
Automobiles & Auto Components	Department of Heavy Industries	570.4
Advance Chemistry Cell ACC Battery	NITI Aayog and Department of Heavy Industries	181.0
Pharmaceuticals drugs	Department of Pharmaceuticals	150.0
Telecom & Networking Products	Department of Telecom	122.0
Food Products	Ministry of Food Processing Industries	109.0
Textile Products	Ministry of Textiles	106.8
Speciality Steel	Ministry of Steel	63.2
<b>White Goods (ACs &amp; LED) *</b>	<b>Department for Promotion of Industry and Internal Trade</b>	<b>62.4</b>
<b>Electronic/Technology Products *</b>	<b>Ministry of Electronics and Information Technology</b>	<b>50.0</b>
High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	45.0
<b>Total</b>		<b>1,459.8</b>

\* Focus sector for Elin

Source: MeitY (Ministry of Electronics and Information Technology)

***Production Linked Incentive Scheme (PLI) for White Goods (LED Lighting), India, April 2021***

**Target Segments and Eligible Products under PLI Scheme for White Goods (LED Lighting)**

LED (Core Components)	i.	LED Chip Packaging		
	ii.	Integrated Circuits (ICs)		
	iii.	Resistors		
	iv.	Fuses		
	v.	Fuses		
	vi.	Large – scale investments in LED components		
LED (Components)	i.	LED Chips	x.	Heat Sinks
	ii.	LED Drivers	xi.	Diffusers
	iii.	LED Engines	xii.	Ferrite Cores
	iv.	LED Modules	xiii.	LED Light Management Systems (LMS)
	v.	Printed Circuit Boards (PCB) including metals clad PCBs	xiv.	Resistors
	vi.	Mechanicals - Housing	xv.	Fuses
	vii.	Wire Wound Inductors	xvi.	Capacitors
	viii.	Drum Cores	xvii.	Laminate for PCBs and Metal clad PCBs
	ix.	Drum Cores	xviii.	Metallized films for capacitors

Segment	Year	PLI (%)	Min. Cumulative Increase Investment	Min. Incremental Sale	Min. PLI
LED Lights (Core Components)	FY2021-22		1.00		
	FY2022-23	6%	1.50	6.0	
	FY2023-24	6%	2.00	9.0	0.36
	FY2024-25	5%	2.50	12.0	0.54
	FY2025-26	5%	3.00	15.0	0.60
	FY2026-27	4%		18.0	0.75
	FY2027-28				0.72
	<b>Total</b>		<b>3.00</b>	<b>60.0</b>	<b>2.97</b>
LED Lights (components)	FY2021-22		0.05		
	FY2022-23	6%	0.10	0.30	
	FY2023-24	6%	0.15	0.60	0.02
	FY2024-25	5%	0.20	0.90	0.04
	FY2025-26	5%	0.25	1.20	0.05
	FY2026-27	4%		1.50	0.06
	FY2027-28				0.06
	<b>Total</b>		<b>0.25</b>	<b>4.50</b>	<b>0.22</b>

LARGE INVESTMENT

All values in INR Billion

Source: MeitY (Ministry of Electronics and Information Technology)

**Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** The aim is to strengthen the manufacturing ecosystem of electronic components and semiconductors. Target manufacturing of electronic components and semiconductors through the scheme will help meet domestic demand, increase value addition and promote employment opportunities in this sector. Incentives of up to INR 32.85 Billion will be awarded under the Scheme over a period of 8 years.

**Merchandise Exports from India Scheme (MEIS):** The scheme falls under foreign trade policy of India, replacing five other similar incentive schemes in the past. As per this scheme the government of India provides benefits up to 4 % depending on the country of exports and the products. Rewards under the scheme are payable as %age of realized free-on-board value and, MEIS duty credit scrip can be transferred to the company for working capital needs or used for payment of various duties such as basic customs duty.

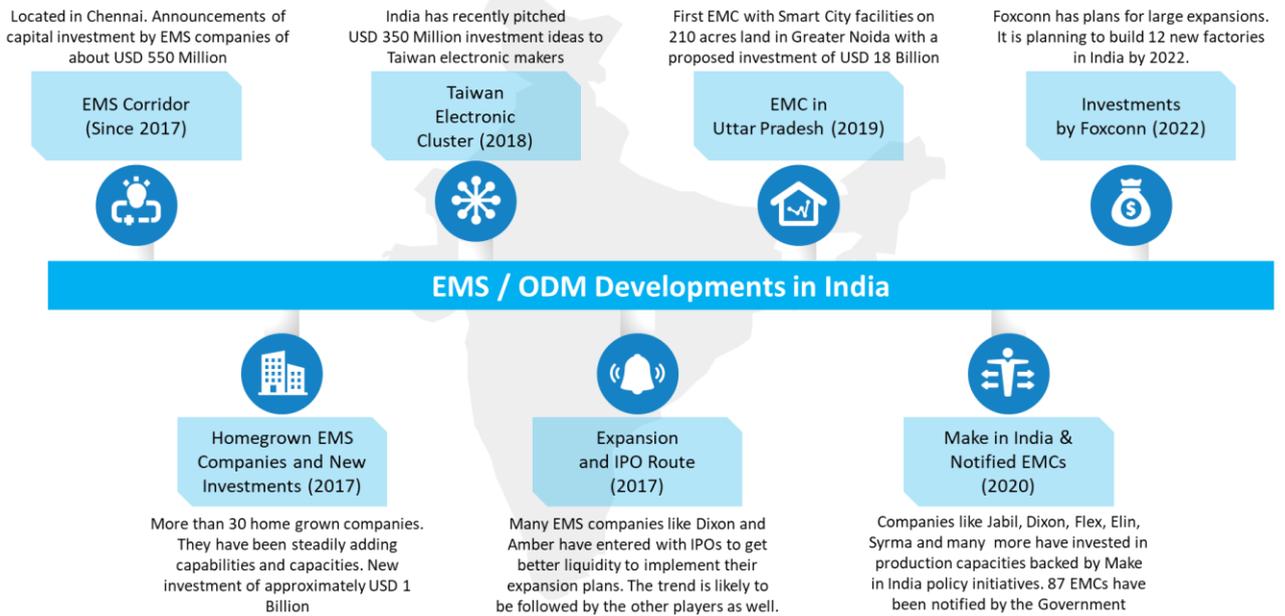
**Modified Electronics Manufacturing Clusters Scheme (EMC 2.0):** The scheme is aimed to strengthen the infrastructure base for the electronics industry and deepen the electronics value chain in India. The scheme provides financial incentives for creating quality infrastructure as well as common facilities and amenities for electronics manufacturers. Financial Incentives of up to INR 37.62 Billion will be disbursed over a period of 8 years.

## INDIAN ELECTRONICS MANUFACTURING SERVICES (EMS) INDUSTRY OVERVIEW

### **Overview of EMS (Electronic Manufacturing Services) Industry in India**

Although the Indian electronic market, which is large, complex, and highly competitive, requires brands to be involved in all activities along the value chain, most brands focus on marketing and after-sales services, leaving manufacturing to Electronics Manufacturing Service providers. Inclination of brands to outsource manufacturing instead of building their own infrastructure is the driving factor for the growth of EMS market. Tier-2 brands are increasingly focusing on product localization, innovative product design and R&D. However, the extensive financial costs involved in setting-up manufacturing, capacity additions/expansions, R&D, manpower, etc. influences them to leverage EMS services. An EMS player with economies of scale is better positioned to accommodate frequent technology changes as it allows for better price negotiations with raw material suppliers. Aftermarket services provided by EMS companies also give brands a viable component in deepening their presence.

### ***EMS / ODM Developments in India, 2017-2022***



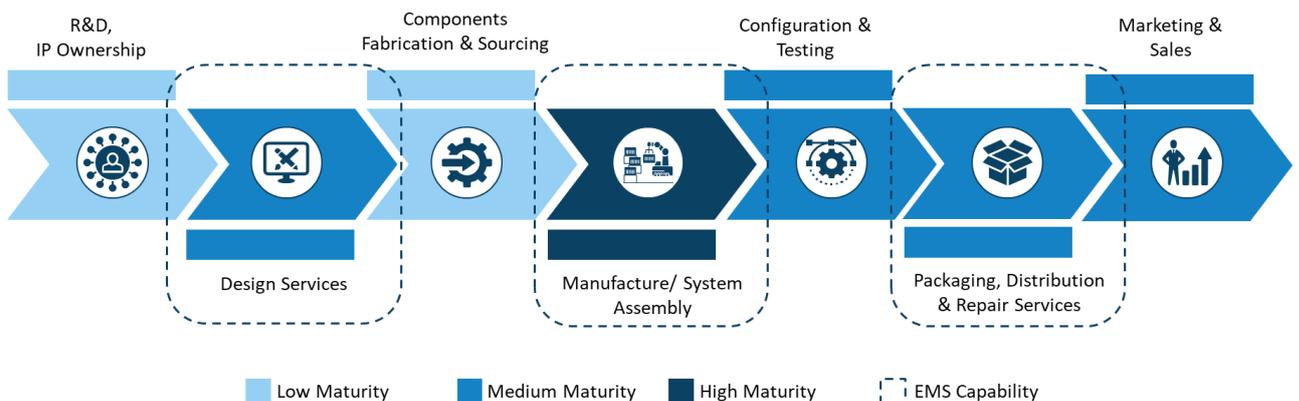
Source: Frost & Sullivan

There are more than 30 players in the organised market ranging from large, medium to small players. Major players are Flextronics, Jabil, SFO, Elin Electronics, NTL, Cyient, Syrma and Foxconn. Many EMS providers are slowly evolving to offer complete design services apart from contract manufacturing/original equipment manufacturing. This acts as a win-win situation for both EMS players as well as brands; EMS players obtain higher margins through this model, and brands benefit by outsourcing manufacturing and design activities, enabling them to focus on other expansion activities. Embracing the ODM model of partnership with EMS partners, coupled with venturing into new product segments, is propelling the brands to pursue EMS engagement. High volumes will influence EMS to bring in the component ecosystem locally and enhance domestic capabilities for component sourcing, thus making the electronics ecosystem stronger. Elin Electronics is a leading EMS manufacturer of end-to-end product solutions for major brands of lighting, fans, and small/kitchen appliances in India.

Ambitious expansion plans and capacity augmentation of indigenous EMS players to capitalize favourable policy initiatives ensure that the EMS sector in India shall witness heightened growth in coming days. Also, India has done well in Electronics design and is slowly establishing itself as a design hub of the world. The next phase of growth in the design sector is characterised by growth of indigenous design companies creating their own IPs as against the erstwhile growth of outsourced captive design services companies. This, together with impressive expected growth in EMS market, presents an opportunity for Design-led manufacturing.

### Indian EMS Industry Value Chain Analysis

#### Value Chain of EMS Industry in India, FY21

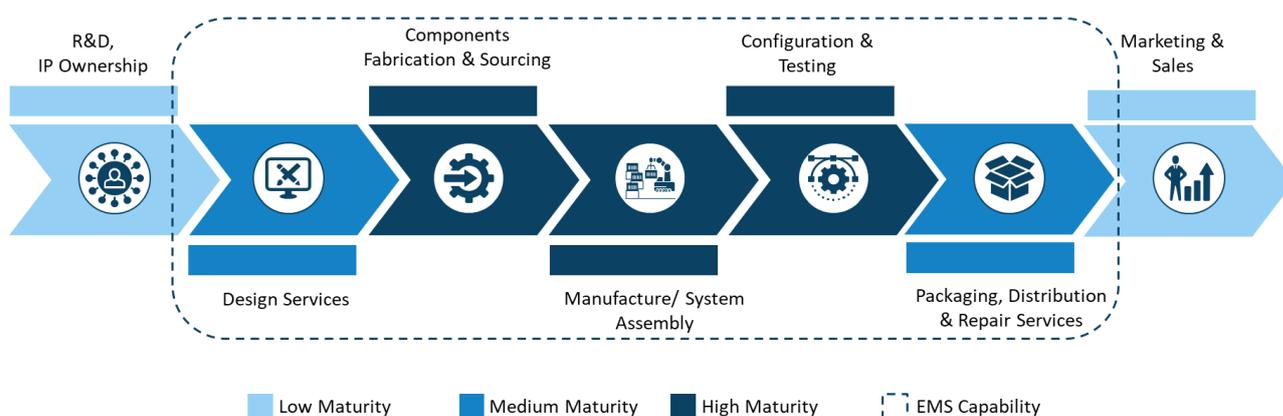


Source: Frost & Sullivan

Electronic manufacturers in India lack mature R&D set-ups due to large Capex investments and long gestation periods. Europe and the US continue to dominate R&D and IP ownership of related work. This has also been a factor that has restrained EMS providers from investing. Most MNCs hold their IP in the headquarter location (mostly located in the USA and Europe). However, India has a competitive edge in design services, since most such work is outsourced to cost-effective destinations (China, South Korea, Thailand). In terms of manufacture/ system assembly, India has an established set-up. Many EMS providers are slowly evolving to offer complete design services apart from contract manufacturing. The country also has high maturity levels in packaging, distribution, repair, sales and marketing functions to meet geographical standards and cater to local requirements. After-sales services which include repair and maintenance are fairly important for the Indian buyer as the use-and-throw perception is still not acceptable in the Indian electronics ecosystem. Many players like Dixon, Flextronics, etc. are offering after-market services like repair, refurbishment, logistics, vendor management etc.

## Value Chain Analysis of Elin Electronics

### Value Chain of Elin Electronics's Electronic Manufacturing Services, India, FY21



Source: Frost & Sullivan

There is a significant distinction between traditional EMS providers and Elin Electronics. A traditional EMS company focuses on component procurement, system assembly, and testing services. Elin has a high degree of backward integrated end-to-end product and solution suite to OEMs ranging from global sourcing, fabrication of component and parts, manufacturing and assembly, quality testing and packaging to logistics support. While Elin Electronics focuses on component fabrication and sourcing, which has a high maturity level (the company manufactures motors, sheet metal fabrication, and plastic components using moulding and die casting machines), system assembly is another key focus area. Configuration and testing are critical for Elin since it has a large client base and consumers will not approve items that have not been thoroughly tested. As a result, Elin Electronics has a full-fledged testing facility as well as robust inspection capabilities. Elin Electronics has also developed ODM (Original Design Manufacturing) capabilities to improve client reach. Concept design, prototype, and manufacturing are among its competencies, in addition to EMS.

Elin Electronics' capabilities which enable them to provide end-to-end solutions include:

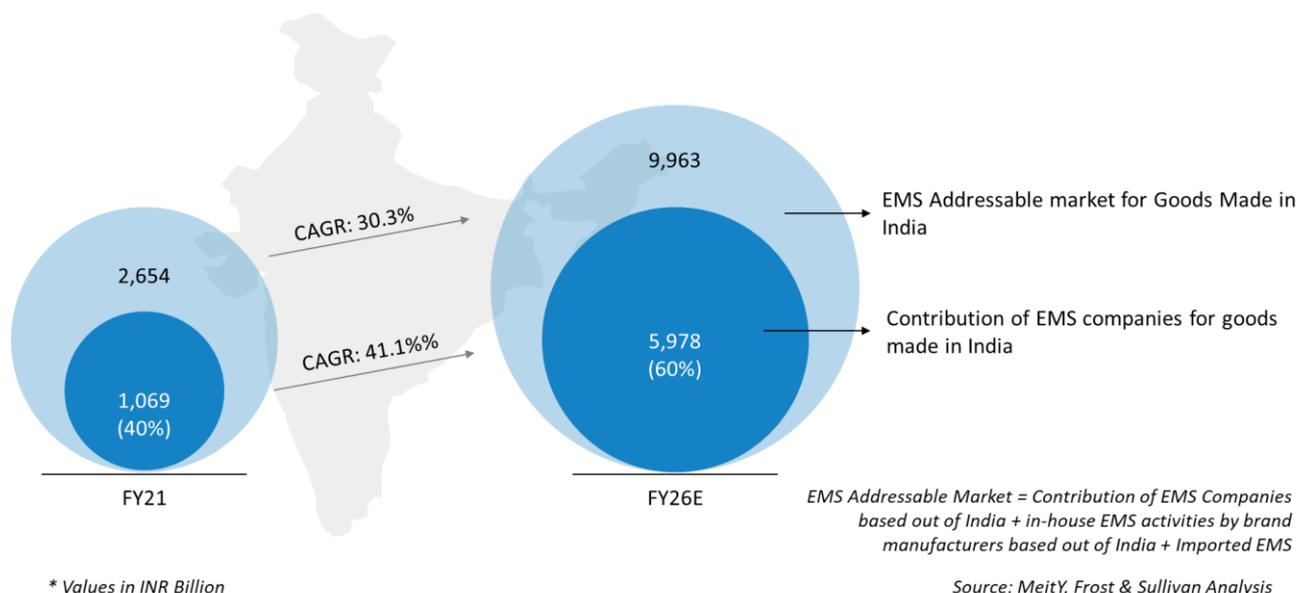
- **In-house manufacturing of components and sub-assemblies:** Elin Electronics has set up in-house manufacturing for die and mould, sheet metal components, plastic moulded components, aluminium die casting and surface coating.
- **State of the art manufacturing facilities:** Elin Electronics has modern and state of the art manufacturing facilities equipped with high quality machinery, assembly lines and completed power backup. Its tool room has sophisticated machinery which produces best in class tools and dies which in turn supports best quality components and sub-assemblies.
- **PCB Assembly:** In house PCB assembly on Surface Mount Technology (SMT) is a critical part of Elin Electronics' manufacturing process and prowess. The company has 4 such fully automatic assembly lines.
- **Backward integration:** provides the benefit of greater control on the manufacturing process, quality and the corresponding benefits of cost efficiencies thereby improving its margins. It enables them to address customers diverse needs, introduce new and unique products in the market and enhances existing products with emerging technologies.

## Indian EMS Industry Size and Growth Outlook

The total addressable EMS market in India was valued at INR 2,654 billion (USD 36 Billion) in FY21, and is expected to grow to INR 9,963 Billion (USD 135 Billion) in FY26 with a CAGR of 30.3%. However, the contribution of Indian EMS companies is around 40%, which is valued at INR 1,069 Billion (USD 14 Billion) in FY21, which is expected to grow at 41.1% CAGR to reach INR 5,978 Billion (USD 81 Billion) by FY26. India is positioned as a destination for high-quality

design work, not merely as a low-cost alternative. Many multinational companies have established and expanded captive centres in the country. Despite the fact that the establishment of EMS companies supported the economy by establishing domestic infrastructure and jobs, the Intellectual Property rights are owned by the global headquarters, hence contribution from ODM model is minimal in India. Most brands prefer engaging EMS partners for contract manufacturing, but the ODM model is slowly gaining traction in India, where brands collaborate with ODMs on product development. Many EMS players are gradually expanding to provide complete design services in addition to contract manufacturing/ original equipment manufacturing. Embracing ODM model of partnership with EMS partners coupled with venturing into new product segments is propelling brands to pursue EMS engagement. High volumes will influence EMS/ODM to bring in the component ecosystem locally and enhance domestic capabilities of component sourcing thus making the electronics ecosystem stronger.

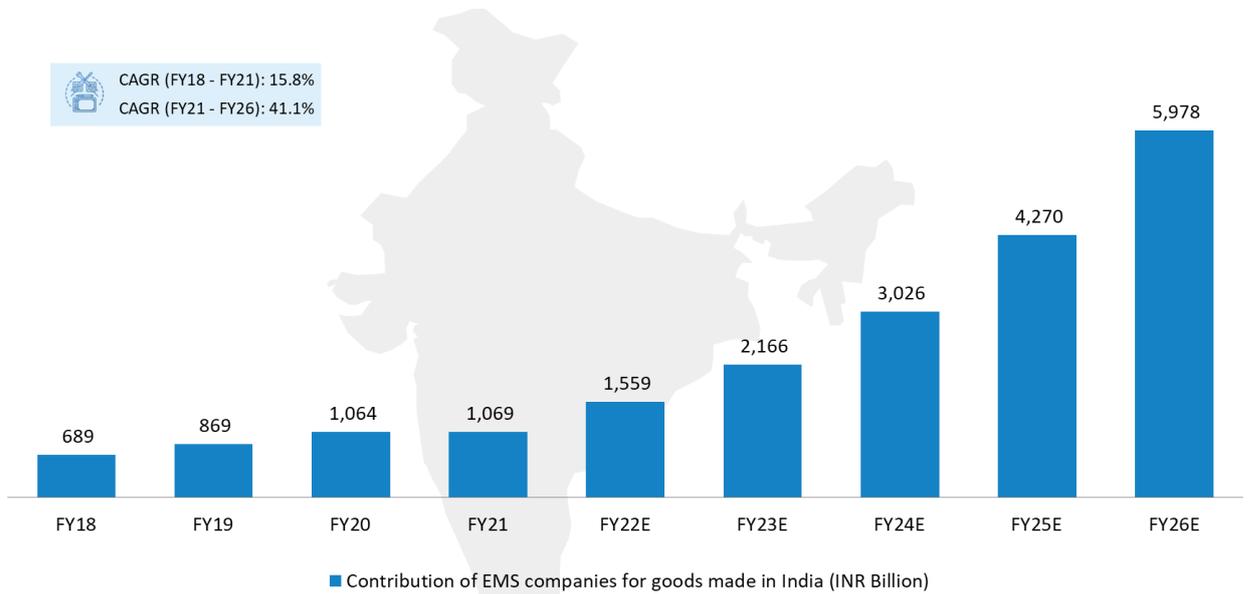
**EMS addressable market vs. Contribution of EMS companies for goods made in India, Value in INR Billion, FY21 and FY26E**



A strong consumer economy with increasing demand for consumer and industrial electronics has driven the Indian EMS sector into the forefront. Domestic electronics production in India has received a lot of attention from both industry and the government, owing to the necessity for import substitution. Favourable policy initiatives in recent years, as well as changes in the global manufacturing environment, have drawn attention to India as a preferred destination for electronics manufacturing investments.

Electronics have become more prevalent in the Indian EMS industry, and domestic demand for mobile phones, consumer electronics and appliances, medical products and automotive electronics offers a huge growth potential. Furthermore, increasing labour costs have indeed prompted large brands to favour India, where they outsource manufacturing rather than build their own infrastructure. The EMS market in India benefits from high domestic demand and production migration from other manufacturing hubs due to a variety of factors. Elin Electronics is a well-known EMS provider in India. It has established OEM and ODM skills. Lighting products, Fans, fractional horsepower motors, and small/ kitchen appliances are among the company's major products, as per revenue generated during the last three years.

**Contribution of EMS companies for goods made in India , Value in INR Billion, India, FY18-FY26E**

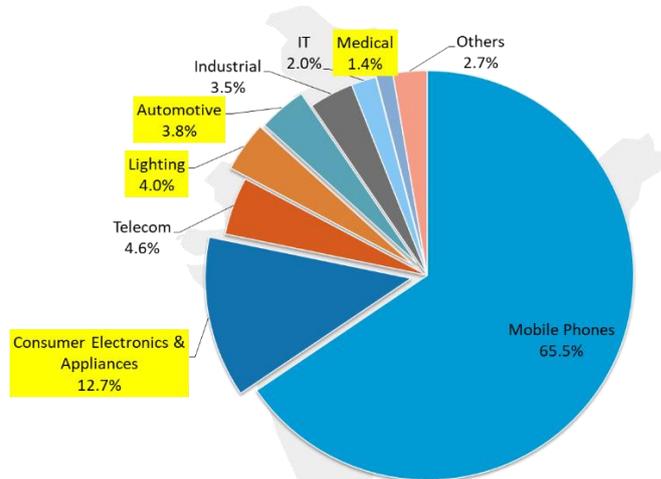


Note: E refers to Estimate

Source: MeitY, Frost & Sullivan Analysis

### Indian EMS Market Break-up by Industry Applications (Focus on the segments where Elin Electronics Operates)

EMS Market break-up by Industry Applications, India, by Value in %, FY20



# Segments highlighted in yellow are the key business segments for Elin

\* Others include: Aerospace & Defence, Energy, etc.

Source: Frost & Sullivan Analysis

#### Products included under each industry application:

- **Mobile Phones:** Smart Phones and Feature Phones
- **Consumer Electronics and Appliances:** Television, Air Conditioning, Washing Machine, Small appliances (Fans, Water Heater, etc.) and Kitchen appliances (Mixer-Grinder, Hand-blender, etc.)
- **Telecom:** BTS, GPON, modems, routers, servers, etc.
- **Lighting:** CFL, LED and LCU
- **Automotive:** ABS, AMT, Body Control Modules, Engine Control Unit, etc.
- **Industrial:** Energy meters, HMS, PLC, SCADA, Inverter, etc.
- **IT:** Computer, Laptops, Tablets, Printers, etc.
- **Medical:** All related medical electronic equipment
- **Others:** Aerospace & Defence, Data centre & Cloud Storage, Energy, etc.

The expansion of India's EMS industry is being fuelled by a variety of factors, including an increase in consumer electronics and appliances consumption as well as lighting segment. Other significant reasons driving the growth are raising labour costs in other parts of the world and a trend among large OEMs to outsource manufacturing rather than invest in their own infrastructure. Due to the size, complexity, and high level of competition in the Indian market, OEMs are focusing more on marketing and aftermarket activities, leaving the production to contract manufacturers. EMS companies are better positioned to adapt to frequent technology changes, and economies of scale allow for stringer pricing negotiations with raw material suppliers.

**Consumer Electronics & Appliances (CEA)** - In India, CEA has the largest market share after mobile phones. Sales are driven by rising income levels and technological innovation, since users tend to adapt to new technologies through early replacement. Untapped markets have been brought to the attention of consumer electronics companies due to digital technology and enabling connectivity infrastructure. Small and kitchen appliances account for a significant portion of the market size. With rise in demand of components, it is very likely that EMS and Tier-1 players would take steps to build a component base within the country.

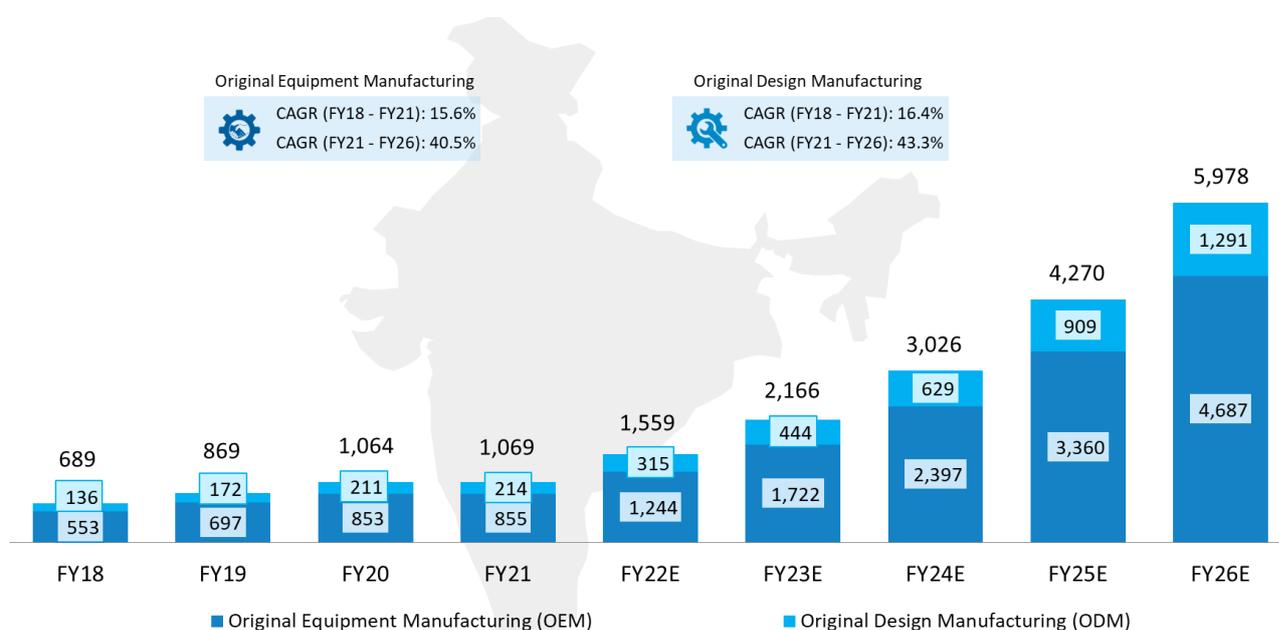
**Lighting** - The LED business is booming, and the government has designated LED as one of its strategic priorities. Smart lighting solutions would contribute to building management systems via wireless networking, as the Internet of Things (IoT) gains traction. The government's drive for LED lighting and measures to replace conventional CFL and GLS lights with LEDs is continuing. Till date, the Indian government has installed around 12 million LED lights as part of the Street Lighting National Programme.

**Automotive** - The demand for sheet metal and components for automobiles has increased in India in proportion to the growth in automobile demand. Government initiatives such as the Automotive Mission Plan, which aims to produce 940 million vehicles by FY26, are encouraging for the auto sector. This, in turn, aids the healthy growth of the Indian auto-components sector, resulting in an increase in sheet metal fabrication jobs where Elin has a presence.

**Medical** - With medical devices becoming relatively smaller, more complex and “smarter” devices are expected in the market, thanks to the IoT. EMS companies have a fast growing role in the growth of these advanced medical products. In reality, many of the technology developments in the medical device industry are electronics-related. Medical device manufacturers are keen to take advantage of the fast-growing, data-driven consumer business by building the real-time multi-functionality into their products. Miniaturization, mobility, connectivity, data collection, and wearables usually require EMS.

### Indian EMS Market Break-up by OEM vs. ODM

*EMS Market break-up by OEM vs. ODM, Value in INR Billion, India, FY18-FY26E*



Note: E refers to Estimate

Source: Frost & Sullivan Analysis

In the total EMS market, original equipment manufacturing (OEM) accounts for approximately 80%, while original design manufacturing (ODM) accounts for the remaining 20%. As reference designs and specifications are provided primarily by the OEMs to EMS providers, there is not much scope for product differentiation. EMS companies are steadily shifting towards ODM models, giving full turnkey solutions for items from design, product development to reverse logistics. Also, due to increased competition, EMS companies are striving to diversify their product offerings. EMS providers have the expertise to procure and manufacture at faster turnaround times. Moreover, they are able to leverage their global footprint and easy access to local markets to deliver their customer products ahead of competitors.

In the ODM industry, innovation is critical to success. While cost reduction remains the major driver of EMS outsourcing, other factors such as improved design skills have contributed to ODM capabilities. Brands have realised the benefits of EMS providers serving as joint design manufacturers. Partnering right from the design stage results in significant cost reduction, as the initial stage sets the price of the end product. Increased competition has emphasised the importance of time to market. Brands are moving away from an era where they trailed behind demand to a scenario where they have to create demand in order to remain more profitable. The impact of this driver is expected to be high in the short and medium term, and to become very high in the long term.

### **High opportunity segments for Elin Electronics**

Consumer electronics and appliances, Automotive and Lighting are some of the high opportunity segment for EMS companies in India, where Elin Electronics operates.

- Consumer appliances are seeing an uptake in the market. Design is a key differentiator while purchasing products for the millennial generation. To reach this market, EMS firms must focus on providing creative, beautiful, and integrated home solutions.
- LED lighting is another key growth area for EMS companies. Growth in LED lighting market is majorly driven by declining prices of LED lights, growing initiatives taken by the Government and rising concerns related to energy conservation. The government has classified LED lighting as one of the products with a strategic focus. In the coming years, the biggest applications are expected to be residential, street lighting, and commercial lighting.
- Small electric motors are directly distributed to brand manufacturers. A steady increase in the production of electric-motor-driven systems, such as small/ kitchen appliances, contributes to the growth of small motors. With rising electricity costs and increasing awareness of the benefits of energy-efficient motors, there is a sizable market for high-end/ premium energy-efficient motors.
- The medical diagnostic industry has grown steadily in recent years as a result of the rise in lifestyle diseases, expansion of healthcare facilities, and growing healthcare awareness. Adoption of new technologies and diagnostic methods are becoming more critical in order to maintain a healthy ecosystem. This upward trend has further boosted India's growth and market demand for medical diagnostics devices.

### **Growth Drivers and Challenges for Elin Electronics in EMS business**

Key Growth Drivers for EMS industry

- Benefits EMS model brings to Brands
- China+1 Strategy
- Governments focus on Domestic Manufacturing
- BIS Certification
- Import Substitution
- Export focus through 'Make in India initiative'

**Benefits EMS model brings to Brands:** The increase in demand for electronic products has not been met by a corresponding increase in investment by brand manufacturers in their production facilities. This is due to the fact that they

have the choice of EMS providers, giving them a compelling incentive to create them locally. It is a value offer because of its low cost, rapid manufacturing turnaround, and aftermarket product support. The EMS/ODM companies, with their versatile capabilities in system designs, plastic moulding, PCBA, software engineering, and more importantly, manufacturing, encourage brands to increase the width of their partnership. Instead of investing in additional manufacturing facilities, brands collaborate with EMS providers to develop and manufacture specific models. The secondary benefit for EMS from such collaborations is the improvement of capabilities to handle fresh clients.

**China + 1 Strategy:** As the Chinese electronics contract manufacturing cost structure continues to be on the rise, so has the OEM customer interest amplified in moving the electronics production to the other countries having similar price, quality, and receptiveness. There is a new urgency now to examine practical alternatives to manufacturing in China given the tariff conflicts and the COVID 19 pandemic. Though, transferring production out decisions is not very straightforward. Sub-tier vendor incorporation of metal fab, plastics and other mechanical components all in China improve the product cost, efficiency and the time-to-market. The enormous scale of the China market for end-products should also be considered. Along with other factors, OEMs are considering adding another country for additional production rather than replacing China entirely.

**Governments focus on Domestic Manufacturing:** The higher growth rate in India vis-à-vis the Global market is because of multiple factors: consistent local demand for Electronics products, Government's focus on domestic manufacturing, programs like Make in India and Digital India, which have led to increasing manufacturing investment in the country. The Make in India initiative, tax and duty support and Government support through policies, have been instrumental in encouraging new investment from EMS companies. As per the recent announcement made by electronic manufacturing services player Dixon Technologies is spending around INR 6 Billion under PLI scheme, to build a new facility in India to cater to the domestic and the global market in the coming year. Dixon is currently positioning itself as India's largest home-grown player for the electronics manufacturing.

European telecom dealers Ericsson and Nokia have conveyed their intention to increase existing manufacturing operations in India to support their worldwide supply chain. Local telecom component manufacturers VVDN Technologies, HFCL, Dixon, Coral Telecom and the Sterlite Technologies have also expressed interest in the PLI scheme of Government. India is expected to run a widespread outreach program with the support of "Invest India team" for the Production Linked Incentive scheme. Nokia and Ericsson is also going to target the BSNL big ticket 4G contract expansion after GOI dropped few clause which was earlier prohibiting them from bid participation.

**BIS Certification:** Importing electronics and IT products without the BIS registration is now currently prohibited in India. India is tightening the quality controls for the electronic products to restrain the rising import of the cheap electronic items, particularly from China, and boost the local manufacturing under its Make in India initiative. According to the DGFT notification, every business importing and selling the electronic products such as mobile phones, LED lights, etc. in India is required to register with the BIS for government clearance; failing to do so the imported goods would be re-exported back to its origin.

Earlier, the government had started the Electronics & Information Technology Goods Order in the year 2012 and mandated 15 electronic products under this category to have the BIS certification. These incorporated laptop, television, and notebooks among others. The order now encompasses to each imported electronic & IT product up for sale in the open market. New rules have got wider implications on the future imports of the electronic items to India – which imports closely 50 % of its entire electronic products sold in the market. The proportion of the electronic apparatuses imported for the manufacturing is even higher. Given India's enormous appetite for the imported electronic products, it is very important for the importers and the foreign manufacturers to get to every aspect of the compliance right. Failing to do so can actually prove to be very expensive and can also damage the business credibility.

**Import Substitution:** As per MeITY, electronic imports account for INR 3.8 Trillion (USD 55 Billion), which is 22% of the Total Electronics Market in India. Top products contributing to highest electronics imports are Engine Control Unit, FPD TV, Refrigerator, Set Top Box, Machine Tools, CCTV Cameras, Notebooks, Servers, Storage Devices, Home Automation Modules, Mobile Phones, Media Gateways, Enterprise Routers, Defence, Medical Devices and Smart Card & Reader. While reducing the dependence on imports on a long run with the mission of Atma Nirbhar Bharat, sourcing of electronic components should be met through local manufacturers, with the help of various incentives and policies.

**Export focus through 'Make in India initiative':** With larger focus on the CAPEX and R&D, Budget 2021 has given a strong push to the domestic marketplace, which holds very significant to India's economic growth. Presented encouragingly at the tail-end of the COVID 19 pandemic and at the inauguration of the vaccination drive, Budget 2021-22 lived up to the hope of being an exercise to push the growth. In the following two-three years, high real GDP growth rates is going to be a rare in majority of the economies as they gradually recover from the impact of the COVID 19 pandemic.

India has the potential to be one of the most attractive manufacturing destinations and support the objective of 'Make in India for the World'. The government and industry needs to collaborate and drive initiatives to help India move among top 5 countries in ESDM production and top 3 in ESDM consumption. Many policy level initiatives are desired to be implemented in a fast-track mode. The effect of policies should be measured and evaluated against the desired objectives to re-check and refine at regular intervals.

#### Key Challenges for EMS industry

- Enhancing Local Value Add
- Supply Chain Realignment
- Component Manufacturing / Lead Time

**Enhancing local value add:** In India, the electronics sector faces cost disadvantages in terms of logistics and limitations in terms of local value addition. As the cost of value addition is increasing, it leaves domestic manufacturers at a competitive disadvantage and has stifled new investments in value-added manufacturing, keeping them heavily reliant on imports. The COVID crisis has highlighted the vulnerability of relying on global electronics supply chains. A notable example is the recent shortage of chips.

Electronics ecosystem can be improved by simplifying procedures. To position India as an attractive business destination, the government must reduce the burden of additional taxes on start-ups and strengthen the IP protection framework. Sub-assembly modules and final goods assemblies are currently occurring in India and are very lucrative opportunities. Even though China, Japan, and South Korea presently dominate component manufacturing, India has shown tremendous promise and is on track to create a large component manufacturing base. Elin Electronics' state-of-the-art manufacturing facilities and assembly lines provide high-quality components and sub-assemblies.

**Supply Chain Realignment:** Local availability of components and chip fabrication are primary activities that determine the strength of a country's electronics manufacturing ecosystem. India has a very limited component supplier base; a majority of the high-value and critical components are imported. Components that are predominantly imported include ICs, PCBs, and other active components. As supply-chain resilience and localization are becoming more significant, India has had to take the necessary steps to improve the domestic value chain capability for long-term benefits.

**Component Manufacturing/ Lead time:** Companies in the industry should take initiative to locally source a minimum quantity of key components which are currently imported (fully or partially). Criteria on minimum quality standards and sourcing price should be set up for such an engagement. This will help component manufacturers plan and develop scale advantage. The demand for motor-driven appliances including small and kitchen appliances are on the rise. Most of the mechanical components like motors are sourced locally in India. The evolving motor manufacturing ecosystem will benefit the electronics industry by facilitating local sourcing and lower cost of products. Prices are falling as a result of increased competition, and new and additional manufacturing facilities are set to open, boosting demand for household appliances. This will increase the demand for FHP motors in India.

India has limited capacity in local manufacturing of PCB with significant gaps with flexible, HDI and multilayer PCBs. Indian manufacturers find strength in rigid multilayer range and are limited by their scale. Brand manufacturers, at present, are importing already designed and manufactured PCBA from third party suppliers. PCBA design and assembly will further help in development of component ecosystem.

#### **Advantage India: An emerging destination for Electronic Manufacturing, companies like Elin Electronics likely to benefit from this development**

India has long been seen as a high-cost destination with a challenging business environment. In recent years, India has risen significantly in the global rankings to become a favoured investment destination. Previously hampered by poor demand and value addition, India's electronics sector was not regarded as a top destination by decision makers. With the recognition of electronics as a key segment for policy focus, this situation has changed. The National Policy on Electronics (NPE) emphasised local value addition and created an enabling environment. The shift in government in 2014, and its unwavering focus on manufacturing through Make-in-India policies, attracted the interest of both global and domestic companies.

India has been able to take advantage of its demographic dividend while also introducing much-needed flexibility in its manufacturing policies. The conscious efforts to attract global investors have resulted in a growth in FDI as well as investor confidence. The following driving factors contribute to India's increasing preference for electronics manufacturing:

- Stable political government that assures global investors on consistency in policies
- Rising cost of labour in China while India is still at a lower end of this cost
- Creation of National Manufacturing Zones (NMZ), Electronics Manufacturing Clusters (EMC), close coordination between centre and states for investment promotion
- Investment by EMS companies
- Duties and tariffs to discourage imports and encourage domestic value addition
- Digitalization that accentuates demand for select products

## Success stories of key EMS companies in India

### Jabil Circuit India Pvt. Ltd.



Jabil Inc., a global EMS provider, was founded in 1966 and is headquartered in Florida, USA. The company operates in more than 100 locations globally, across 30 countries. Similar to leading EMS companies, Jabil has a breadth of service portfolio to support diversified customer requirements, from design to aftermarket sales (besides manufacturing) through the entire product lifecycle. Jabil is one of the few companies that cater to a broad set of industry verticals. The verticals served by the company include appliances, automotive, capital equipment, energy, industry, buildings, healthcare and lighting to mention key vertical. Such a broad portfolio hands it the competitive edge in the market to sustain revenue growth, a large customer base that increasingly requires cross-vertical expertise due to digitization, and gain in technological expertise that is necessary for EMS companies to innovate and grow in the future.

### Success Story of Jabil India

**Presence in India:** Established in the year 2005 in India, Jabil is involved in the manufacturing of various products ranging from the energy meters, power supply unit circuit breaker & PV modules to the imaging devices along with consumer electronics and lighting products. Indian manufacturing unit of Jabil is situated in the Industrial Development Corporation Industrial Zone of Ranjangaon in Pune, which at present houses manufacturers from an extensive variety of business, because of the easy access to both the sea and the air ports. Jabil India specializes in high-mix and low volume manufacturing, in tune with highly specific requirements of the Indian electronics companies.

**Business strategy:** Jabil's high velocity business primarily focuses on getting the business ideas from 'concept to market' in fastest time possible. Jabil focuses on the faster time to market by providing industries with the product design, materials know-how, validation and the supply chain management, along with after-market services.

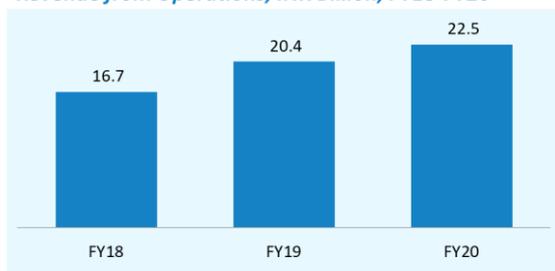
The company has strategically designed its supply chain to reduce the risks. Jabil remains very cost-competitive within the marketplace while providing the customers with an additional benefit - supply chain risk easing. The company keeps up a refined and comprehensive supply chain tracking method & supplier database, allowing for a detailed supply chain evaluation. It is only during the supply chain assessment that supply chain issues are rapidly identified and adjustments are made.

**Strengths:** Jabil has made investments in technologies for factories of the future, including a network of connected factories, AI to analyse data in real time, and 3D printing. It has a resilient supply chain that weathered the impact of COVID-19. Its diversified vertical portfolio with a proportionate revenue mix helps sustain growth. It has a comprehensive design service portfolio, including chips, PCBAs, plastics, and other mechanical designs.

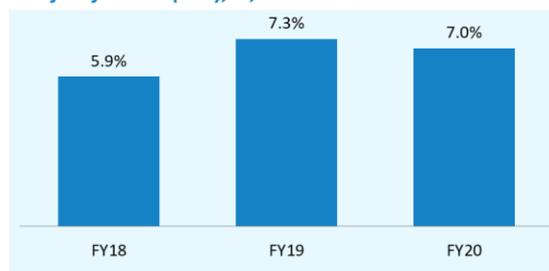
**Future plans:** Jabil announced plans to invest INR 20 billion in Pune by 2021, with plans to expand into smartphone, home appliances, mobile spare parts, and food packaging.

**Revenue growth:** Jabil has a presence across key industry applications and has revenue of around INR 29 billion in FY20. The company has grown multi-fold since its inception. In the last 3 years, the company has grown at a CAGR of around 16%. India's revenue contributes to nearly 5% of the global revenue of Jabil Inc.

Revenue from Operations, INR Billion, FY18-FY20



Profit After Tax (PAT), %, FY18-FY20



Source: Annual Reports, Frost & Sullivan

## SELECT PRODUCTS IN INDIAN ELECTRONICS MANUFACTURING SERVICES (EMS) INDUSTRY

### Summary of Elin Electronics's Key Product Segments and Market Position, India, FY21 and FY26

Segment	Total Domestic Market					Total Domestic Production			Domestic Production by EMS			EMS Share of Production		Elin's Market Position
	FY21	FY26E	CAGR %	Brand Leader	Customer of Elin	FY21	FY26E	CAGR %	FY21	FY26E	CAGR %	FY21	FY26E	
Small Appliances	73	99	6.3%	Philips	Yes	47	83	11.7%	18	43	19.2%	37%	52%	10.7% (Top 5)
Small Electric Motors (FHP)#	23	41	12.4%	N/A (Sold as input)	N/A	17	36	16.0%		N/A		N/A		12.0% (Market leader)
LED Lighting	125	359	23.5%	Signify	Yes	77	319	35.2%	35	229	45.8%	45%	72%	7.2% (Top 2)
Flashlights	5	7	6.7%	Eveready	Yes									
Fans	121	222	12.9%	Crompton	Yes	115	219	13.7%	40	103	20.6%	35%	47%	0.6% (New Entrant)

\* All values in INR Billion

# Elin supplies small electric motors under its own brand name

Source: Frost & Sullivan Analysis



### Small Appliances

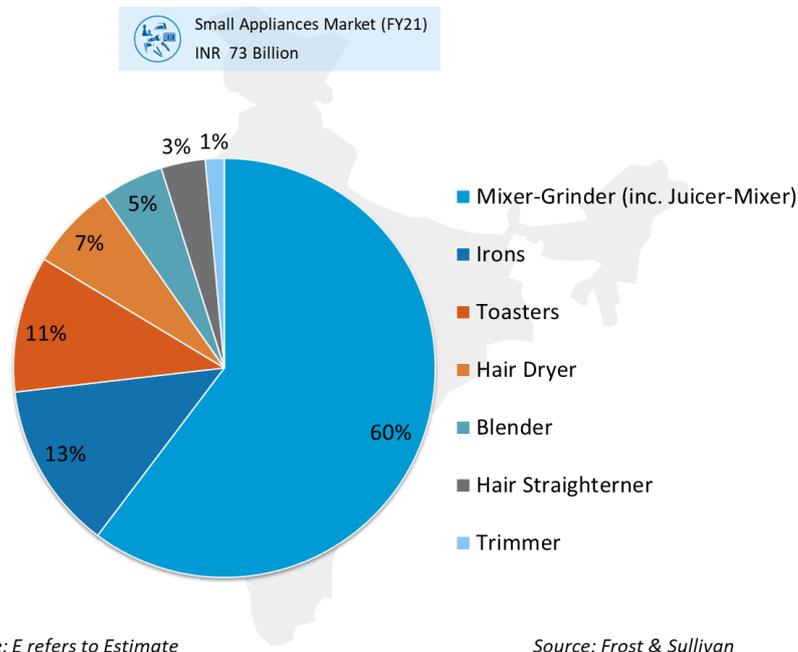
#### List of products considered under Small Appliances

Toasters, Irons, Mixer Grinders (Juicer mixer grinders), Hand Blenders, Hair dryer, Hair straightener and Trimmer

#### Small Appliances: Industry Overview

An increase in the consumer electronics and appliances market in the country has boded well for the small appliances market, where products made specifically for the Indian market are expected to have higher sales. Growing rural consumption, electrification which is increasing at home post COVID 19, rising urbanisation, shorter replacement cycles, increased penetration of lifestyle appliances, and availability of many brands at various price points have all contributed to the market's development over the last five years. According to industry experts, the small/kitchen appliance market will grow at a considerable pace for the next few years as domestic demand rises. The large young population with explorative mind-sets will overcome the challenge of price sensitivity, and products with high-end features will be preferred by the consumers. Among the select set of product categories in small appliances, mixer-grinders (including juicer-mixer) and electric iron contribute to nearly 73% of the market share.

#### Small Appliances - Market split by product category, Value in INR Billion, India, FY21



### Small Appliances: Key Drivers

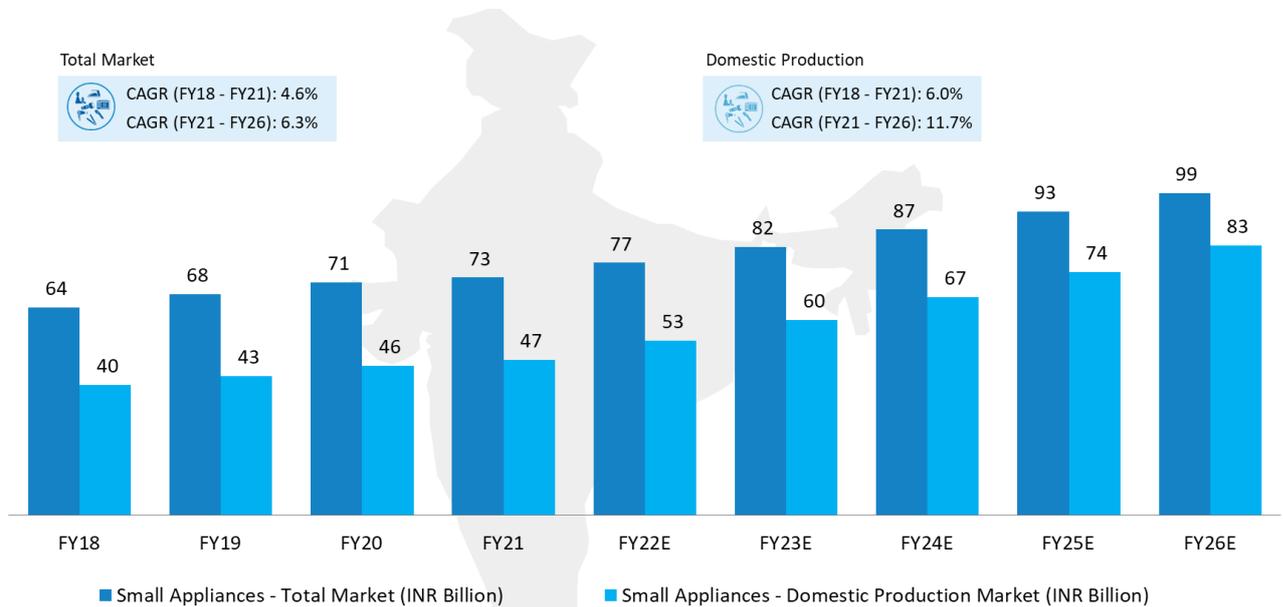
- E-commerce and retail marketing initiatives such as the exchange programs, bundled offers, attractive discounts, freebies and extended warranty services are attracting this market.
- The under penetrated semi-urban/ rural market is expected to be the critical demand trigger for the small appliances market in the next few years on the back of rising incomes and electrification.
- The government has offered various incentives to attract companies to manufacture in India. Policy initiatives such as Make in India will further boost the domestic manufacturing.
- With 100 % FDI, the appliances industry is witnessing the acquisition / investment by foreign brands.

### Small Appliances: Key Trends

- Technological evolution is transforming the small appliances market, especially with connected/ smart home applications.
- Suppliers style their products as per the evolving trend of appliances as perceived more as lifestyle defining, especially among affluent, urban consumers. Sleek design, neutral colours, and matte finishes add to the appealing factor.
- Changing urban lifestyles with nuclear families and increase in the participation of men in kitchen activities have led suppliers to develop products that are small and convenient for usage.
- Many manufacturers are planning to build their manufacturing base in India owing to the availability of low-cost labour in the country.

### Small Appliances: Overall Market Size

*Small Appliances - Overall Market Estimates, Value in INR Billion, India, FY18-FY26E*



Note: E refers to Estimate

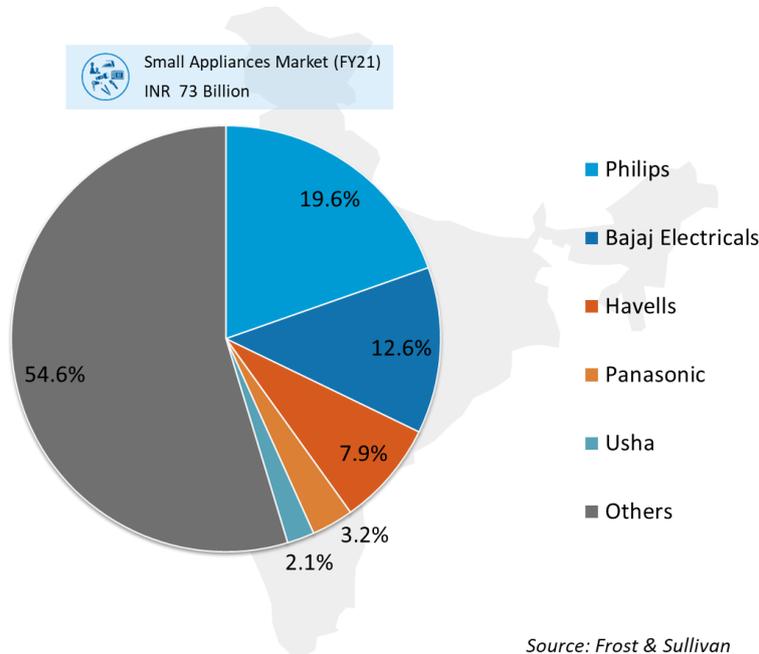
Source: Frost & Sullivan

Marketing efforts by suppliers have created awareness about efficiency and the benefits of small cooking appliances among consumers. Rising urbanisation will enable more volume sales, as consumers may purchase multiple products as per their lifestyle. New kitchen appliance products in the Indian market such as juice extractors, coffee makers, and electrical kettles will grow by value, due to increasing preference towards brand image for experimentation.

Around 65% of the market is currently met through domestic production. Products such as mixer-grinder, electric iron, and juicer-mixer have more than 70% domestic production. Emerging products such as trimmers, hair dryers, and hair straighteners are predominantly imported and have less than 10% of domestic production. As Elin Electronics is entering the electronic beauty products market, there is a huge opportunity to address the domestic demand. The market is expected to grow as more players may follow in the future with the help of various government initiatives and foreign brands entering the Indian market. The segment also has a significant export opportunity as India has a unique set of products which is globally accepted.

### Small Appliances: Market Share Mapping

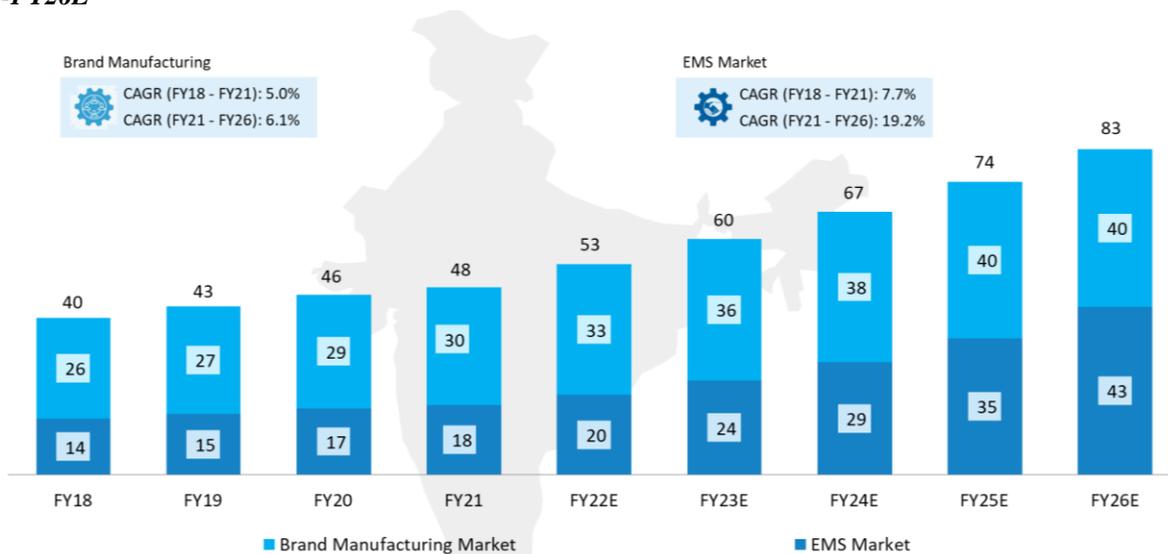
*Small Appliances - Brand Market Share by key players, Value in INR Billion, India, FY21*

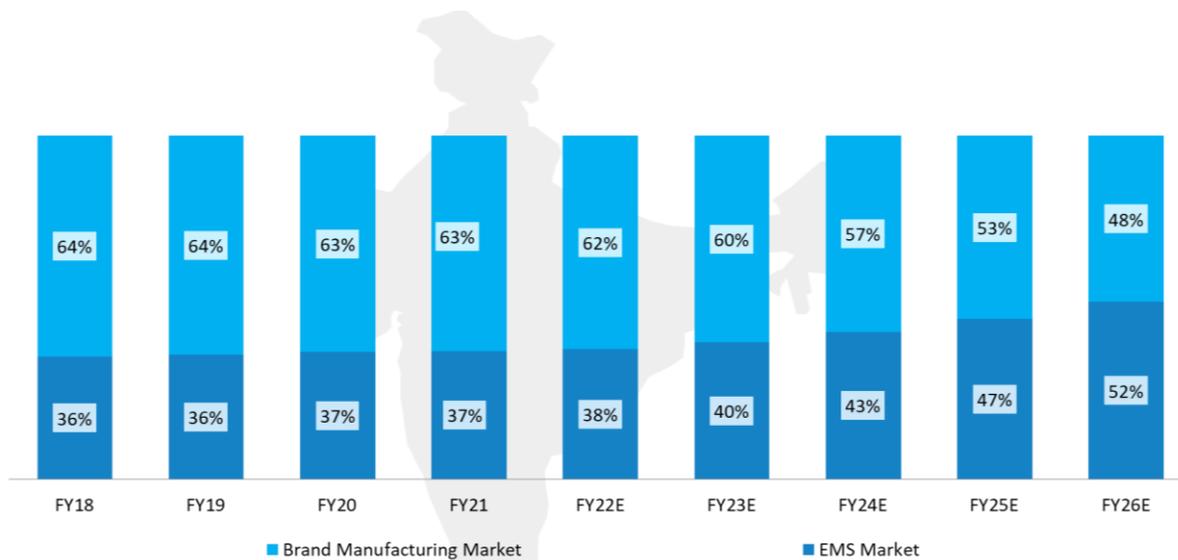


Brand visibility varies by product category within small appliances. Philips, Bajaj, Havells, and Panasonic are present in practically every product category analysed, accounting for around 40% of the chosen small appliance market. Philips is the market leader, with a share of around 19.6%; also it is a significant brand partner for Elin Electronics. As a result of its increased focus on the local market and adoption of the "Make in India" policy, it has teamed with Elin Electronics to increase its market share. Brands own a substantial market share for products such as mixer-grinders and electric irons. They are gradually transitioning to outsourcing to EMS providers.

### Small Appliances: Market Split EMS vs. Brand Manufacturing

*Small Appliances - (a) Market Split (b) market share by EMS vs. Brand Manufacturing, Value in INR Billion, India, FY18-FY26E*





Note: E refers to Estimate

Source: Frost & Sullivan

Manufacturers are gradually taking advantage of the government's initiatives and incentives for local manufacturing. It is a critical factor in reducing manufacturing-to-market time and transportation costs. The majority of supply is now fulfilled through brand manufacturing, with EMS accounting for approximately 37% of total output in FY21. This percentage is expected to grow faster as more brands transition to contract manufacturing. By FY26, the EMS market is expected to grow at a 19.2% CAGR to account for 52% of total production. While the opportunity will be met across the market, certain product categories, such as mixer-grinders, chimneys, and electronic beauty products, offer a greater opportunity for EMS companies, as only a few players, such as Elin, currently have manufacturing capability in the market.

### Small Appliances: EMS Market Share Mapping

At present, few firms serve the EMS market for small appliances, particularly in the supply of box build and other OEM requirements. Going ahead, EMS providers are developing end-to-end solutions for the brands. Elin Electronics, Smile Electronics, PG Electroplast, Indic, and a few more are among the market's key players. In this category, Elin Electronics has a considerable presence with 10.7% market share in FY21. Philips, which is the market leader in the category, as well as other prominent brands such as, Bosch, Faber, Panasonic, and Usha are among Elin Electronics' key clients for small appliances.

Products will continue to evolve in the Indian small appliances market. With increased technical infrastructure to enable connected devices, smart sensors, and other features of a product, adoption of new goods will be rapid. Constant product innovation that is matched with consumer desires and supplied at competitive rates is critical for success. High-end suppliers may choose to carve out a niche by incorporating novel features into select products.



### Small Electric Motors

#### List of products considered under Small Electric Motors

Electric motors (under 1HP / 750Watts), used in applications such as Mixer Grinders, Hand Blenders, Air Conditioners, Air Coolers, Refrigerators, Fans (Ceiling, TPW & Fresh Air)

### Small Electric Motors: Industry Overview

Fractional Horsepower Motors (FHP) are those motors whose power rating is less than one horsepower, and they can operate either on direct current (DC) or alternating current (AC). FHP motors are primarily used in low-voltage power applications; especially in small appliances such as electric fans, mixer-grinder, and juicer mixer are the key products, which has more usage of FHP motors. Indian motor market is highly price competitive. However, customers are willing to pay for value-added services that help them optimise operational cost in the long run.

### Small Electric Motors: Key Drivers

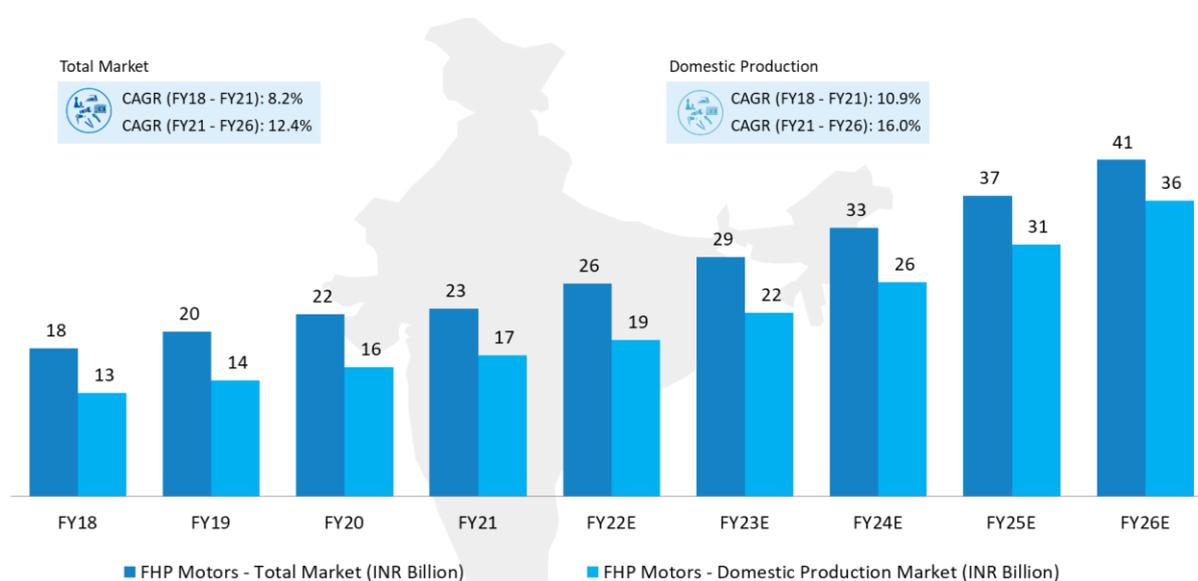
- Rising disposable incomes in both urban and rural India has led to an increase in the demand for motor-driven small/kitchen appliances.
- Electrification across India, decreasing prices due to increasing competition and upcoming new and additional manufacturing facilities to boost the demand for household appliances will increase the demand for FHP motors in India.
- Government initiatives such as Power for all and Housing for all programmes are some of the key drivers. One of the drivers for growth in the motor-driven small/kitchen appliances market in India is the Pradhan Mantri Awas Yojana, in which affordable housing will be provided to the urban poor.

### Small Electric Motors: Key Trends

- Consumer sentiment remained positive despite a slowdown caused by COVID-19. Small appliance demand is increasing, owing to the rise of the work-from-home culture, which has resulted in a major increase in sales and is driving the expansion of small motors.
- With rising electricity costs and growing awareness of the benefits of energy-efficient motors, there is a significant market for high-end and premium energy-efficient motors.

### Small Electric Motors: Overall Market Size

#### FHP Motors - Overall Market Estimates, Value in INR Billion, India, FY18-FY26E



Note: E refers to Estimate

Source: Frost & Sullivan

#### Cost of motor by product category, in %, FY21

Product Category	Motor cost (%)
Ceiling Fan	51%
Fresh Air Fan	48%
TPW Fan	45%
Mixer Grinder	35%
Hand Blender	35%
Hair Dryer	40%

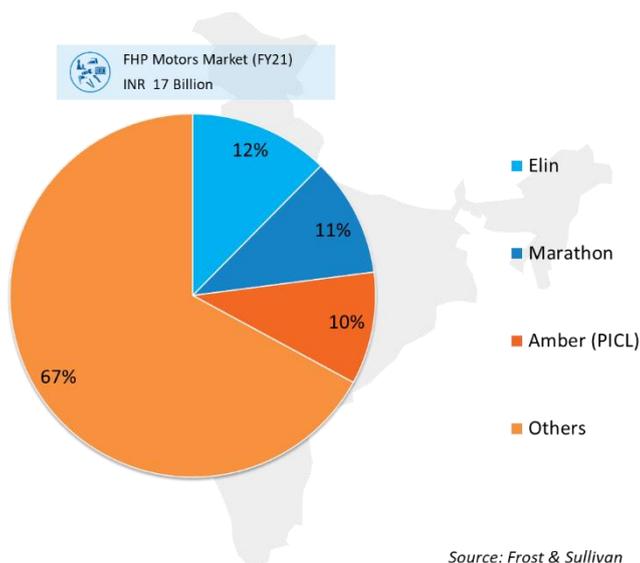
India manufactures more than 70% of select product categories. As a result, there is a healthy demand for FHP motors in India's domestic manufacturing market. Suppliers of FHP motors are expected to expand their market share as these motors find new applications as new appliances gain popularity. The demand for FHP electric motors will increase marginally over the next five years; increase in the demand for household appliances is expected to be a major driver. Reliability and insulation aspects with competitive price are the keys to success in FHP motor market in India.

#### Small Electric Motors: Market Share Mapping

The FHP motor market in India is addressed by around 15 companies. Elin, Marathon and Amber (PICL) are the top 3 players in the market. Elin Electronics' aggressive marketing has helped them to gain considerable market share and emerge as one of the largest players in the FHP motor market in India. Some of the other key players addressing this market include Advanced Group, Bharat Bijlee and

Crompton Greaves. Elin Electronics is one of the largest fractional horsepower motors manufacturers in India. Based on its overall market, Elin projects to be the largest players in this category, with a market share of 12 % in FY21.

**FHP Motors - Market Share by Key players, Value in INR Billion, India, FY21**



Elin Electronics manufacture products which are used by its customers across various sectors. Further, its customer base (300+ customers) includes marquee MNC (Bosch, Faber and Philips) and domestic companies (Havells and Usha), which helps them to balance out any impact or risk incurred with respect to any single product or customer. Elin Electronics serves its customers across multiple product segments (e.g., Philips for motors and appliances, Bosch for motors and appliances, Panasonic for motors and appliances etc.). Further the company's ability to cross sell its products for varied uses has also helped to avoid any risks associated to supply demand mismatch. It is also able to develop designs which are customised to customer specifications and requirements through the ODM vertical.



**LED Lighting and Flashlights**

**LED Lighting and Flashlights: Industry Overview**

After a century of dominance by incandescent bulbs, halogen and CFL lights, LED lights have become the norm in the Indian lighting industry. LED lighting was introduced to the Indian market in 1993. Since then, it has taken the market by storm, with both the government and commercial segments witnessing phenomenal growth. Energy-efficiency initiatives are gaining momentum in India currently. As local demand rises, LED lighting manufacturers are strengthening their capabilities across several activity streams. EESL efforts such as UJALA and SLNP provide vendors with pricing leverage with component suppliers, allowing them to drastically reduce product costs. The street lighting segment will be the biggest application for the next few years. Pure-play LED lighting companies are a dominant force in the Indian market. The distribution structure currently involves distributors, consultants, Energy Service Companies (ESCOs), and contractors.

The Indian flashlight market, on the other hand, is quite substantial, particularly in rural areas. Although the industry has only witnessed moderate development in recent years, it is gaining traction with the introduction of LED and rechargeable flashlights. The top five players are well-organized, whereas the rest of the market is fragmented and prone to imports. The organised market has introduced goods with strong light, long beam luminous, multi-features, long durability, and compactness, allowing them to dominate the market.

**LED Lighting and Flashlights: Key Drivers**

- Initiatives by Government to boost energy-efficient lighting in India, such as Unnat Jyoti by Affordable LEDs for All (UJALA) and LED Street Lighting National Programme (SLNP) spearheaded and implemented by Energy Efficiency Services Limited (EESL) have expanded the LED market in India. Also, India-specific technical standards such as BIS have helped eliminate the presence of sub-standard products in the market.

- A better ROI has been observed with LEDs, which are rapidly replacing conventional lighting in key applications. LEDs also have low maintenance costs and a high light output.
- Decline in raw material prices is expected to result in similar price reduction in LED lighting products even when there is an anticipated sequential rise in the efficiency and performance of products. The LED prices have dropped from INR 700 per piece in 2014 to nearly INR 70 per piece in 2021.
- Demand from smart and safe city projects is expected to lead the growth in the market.
- The nuclearization of families leads to a rise in the number of households, which is supposed to boost demand and, ideally, result in a direct increase in LEDs.

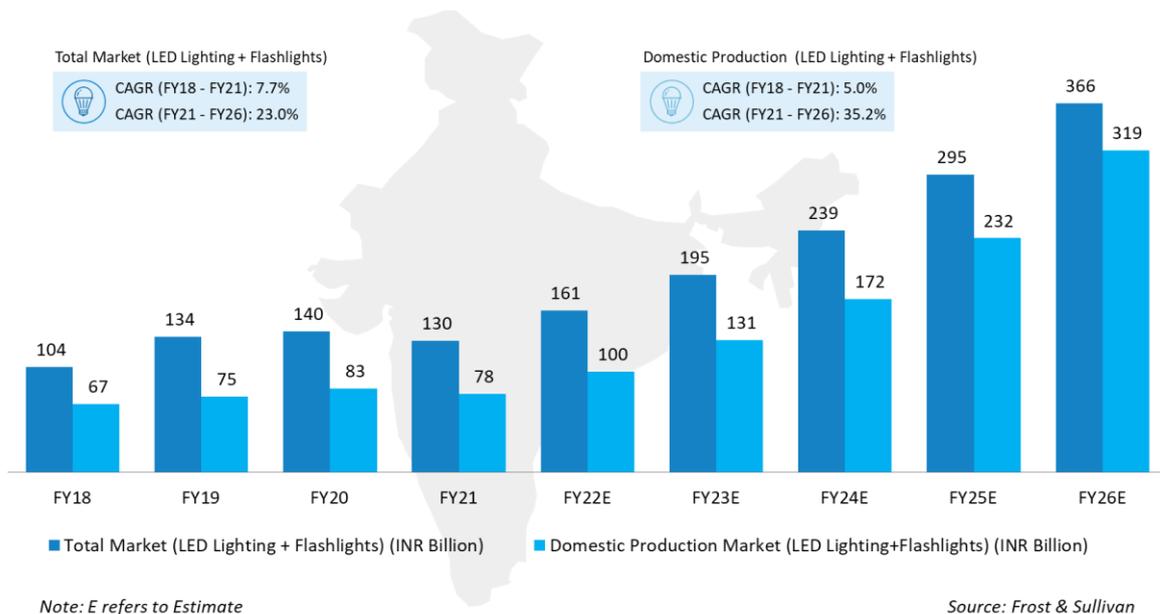
### LED Lighting and Flashlights: Key Trends

- Modern buildings comprise lighting arrangements that includes: daylight, occupancy and time scheduling on/off sensors. The wireless LED lighting systems supports these requirements.
- The Indian real estate market has always been in a state of flux, owing to changing economic and legal conditions. The LED market in India is growing as a result of the real estate sector's performance.
- Smart street lighting is likely to see a strong growth in coming years. Adding presence detection to outdoor lighting, allows it to operate in a low-intensity state until sensors detect approaching traffic.
- LiFi is a wireless optical networking technology that uses LEDs for data transmission. Although still in trial stages, it could drastically change the landscape of internet connectivity and lighting.
- Wireless bonded LEDs provide superior light performance when compared with traditional LED technology.

### LED Lighting and Flashlights: Overall Market Size

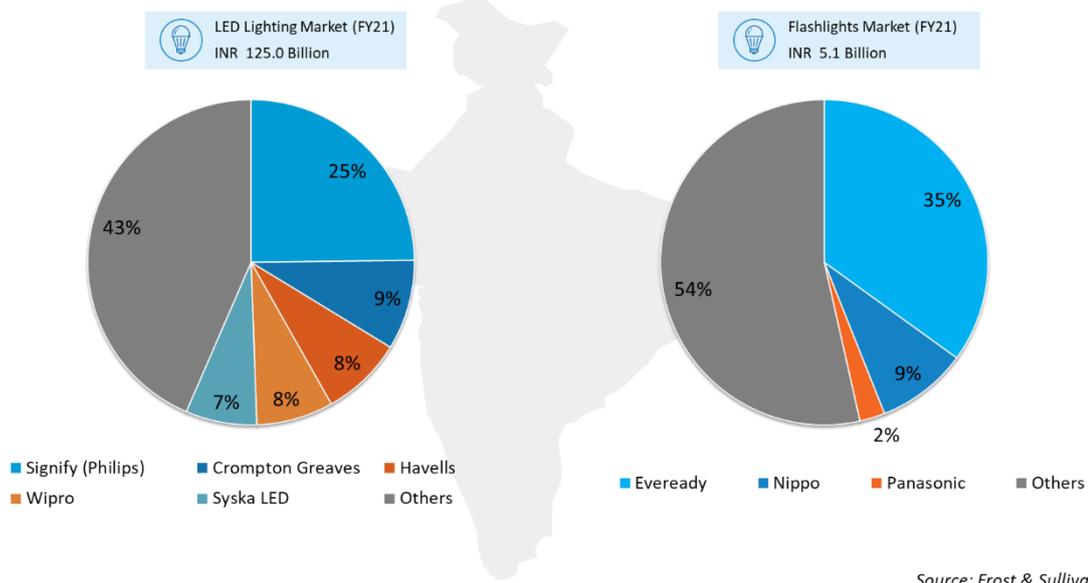
The LED lighting and flashlight industry in India has tremendous growth potential. The market was valued at INR 130 Billion in FY21 and is expected to grow at 23.0% CAGR to reach INR 366 Billion in FY26. The LED lighting industry in India is undergoing a paradigm shift as a result of this next-generation transformation. In the near future, consumers will adopt intelligent, smart lights, which are connected and act as IoT devices. The future of the industry will be driven by technologically advanced products, such as smart lighting systems and IoT-based lighting solutions.

### LED Lighting and Flashlights - Overall Market Estimates, Value in INR Billion, India, FY18-FY26E



### LED Lighting and Flashlights: Market Share Mapping

### LED Lighting and Flashlights – Brand Market Share by key players, Value in INR Billion, India, FY21



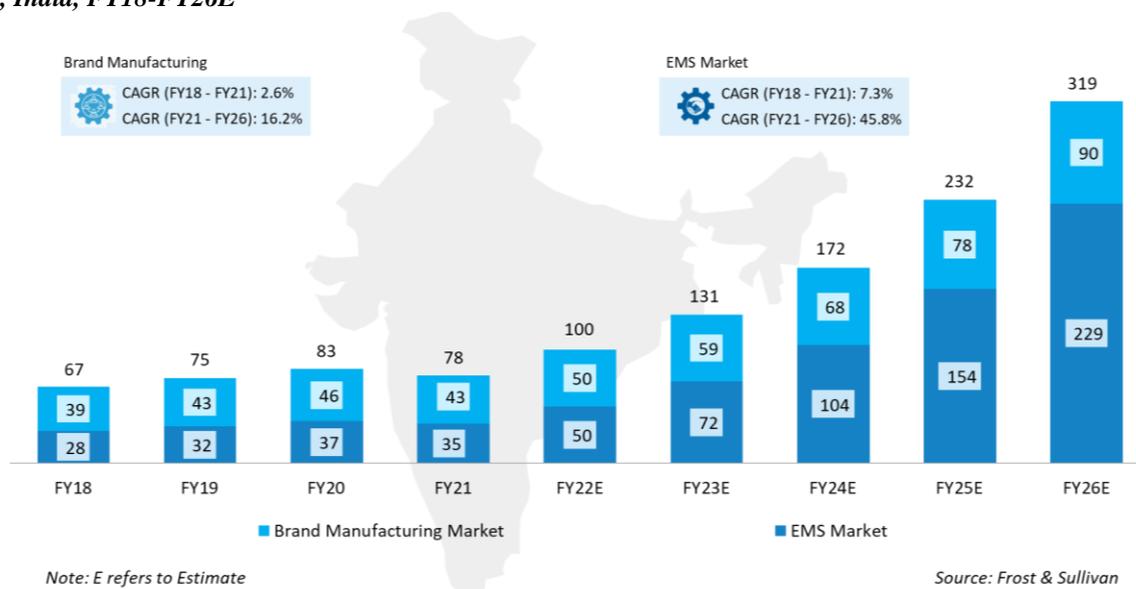
To stand out from the competition, companies must stay on top of emerging technology and create innovative products. Creating advanced smart LED lighting solutions in partnership with the proper technology supplier is critical to the expansion of key players in the Indian marketplace. India's suppliers have enormous opportunity to localise and improve efficiency, which can translate into savings for customers in the coming years.

With a combined market share of 57%, prominent brands such as Signify (Philips), Havells, Wipro, Syska LED, and Bajaj dominate the majority of the market in LED lighting. Surya Roshni, Orient Electric, Halonix, and MIC electronics are some of the other major competitors in the industry. Elin Electronics is one of key vendors for Signify, having a very good potential for the future market.

Within Flashlights segment, Eveready is the market leader, which is a key client for Elin Electronics. Other prominent players in the category include Nippo and Panasonic.

### LED Lighting and Flashlights: Market Split EMS vs. Brand Manufacturing

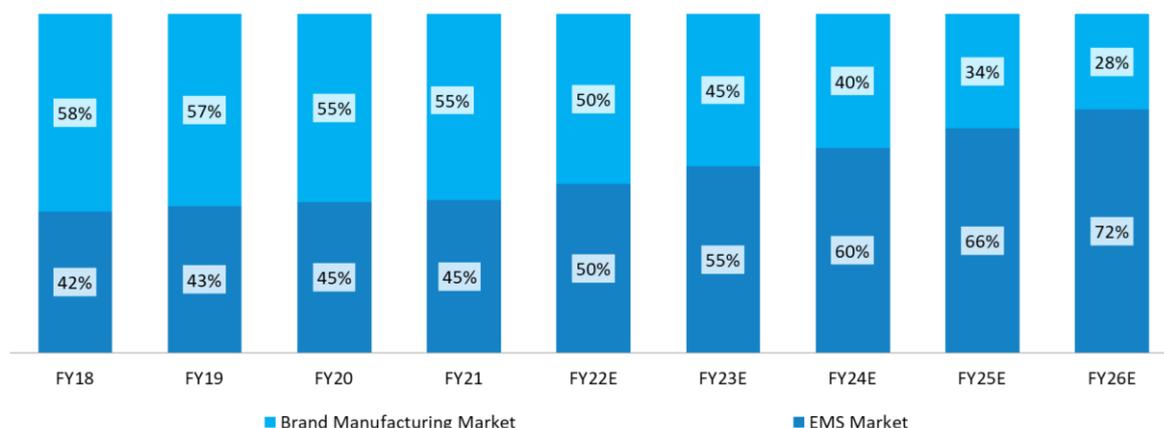
**LED Lighting and Flashlights - (a) Market Split (b) market share by EMS Vs. Brand Manufacturing, Value in INR Billion, India, FY18-FY26E**



The lack of local LED fabs necessitated reliance on imports, and India's assembly and other component production skills were originally restricted. Off lately, LED lighting supply chains are being developed slowly, with a low dependency on

downstream material imports. This helps to keep expenses and pricing in control. In the Indian market, pure-play LED lighting firms are a dominant force.

EMS is essential since many manufacturers outsource their LED lighting manufacturing to EMS companies. In the forecast period, the EMS market has a significant development potential. The EMS market in the total manufacturing is around INR 35 Billion in FY21 and is expected to reach INR 220 Billion in FY26, at a CAGR of 45.8%.

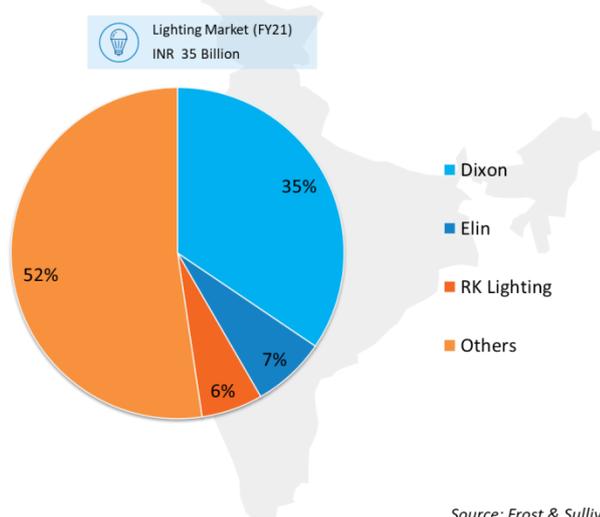


Note: E refers to Estimate

Source: Frost & Sullivan

### LED Lighting and Flashlights: EMS Market Share Mapping

#### LED Lighting and Flashlights – EMS Market Share by key players, Value in INR Billion, India, FY21



Source: Frost & Sullivan

Major LED lighting EMS player present in the Indian market are Dixon, Elin Electronics and RK Lighting which combined hold a market share of ~91%. The other key players present in the EMS space are Century LED, Compact Lamps and Goel Lighting to name a few.

Elin Electronics is a leading manufacturer of end-to-end product solutions to OEM customers, electrical and electronics equipment in India and currently within top three spots in LED manufacturing in EMS market in India. Key clients in this category include Signify (Philips) and Eveready. Elin Electronics has a full-fledged R&D setup that has been approved by the DSIR of the Government of India. This department assists with the conceptualization and development of all existing and new products. It also aids in cost reduction across the product line through value engineering.



## Fans

### Fans: Industry Overview

The increased electrification of rural India, a growing demand for premiumisation and aesthetic appeal, housing sector boom, the Internet of Things (IoT), and energy-saving technology are the primary factors driving the Indian fan market's growth. The construction sector in India is expected to grow at a rate of 7-8 percent per year over the next decade. The 2016 Real Estate Regulation and Development Act (RERA) increased market transparency, resulting in increased investment. The long-term impact of this demand is expected to be moderate, particularly following the impact of COVID-19. Demand from the residential segment is expected to increase.

### Fans: Key Drivers

- The demand for fans is likely to increase, with the rise in temperature. As per a recent study by the Ministry of Earth Science, on the Assessment of Climate change in India, the average temperature has risen by around 0.7 degree Celsius.
- The demand for ceiling fans has been rapidly increasing as a result of rising consumer income levels, particularly in rural areas, as well as increasing availability of electricity supply.
- Increasing residential, non-residential and commercial construction is driving the revenue in the fans market
- Medium to high replacement demand and shorter replacement cycle of 5-6 years, due to improvement in the premium fans section, has encouraged market growth
- Increase in household electrification through the 'Saubhagya' scheme and 'Housing for all by 2022' scheme is increasing rural penetration and driving residential development activity respectively.

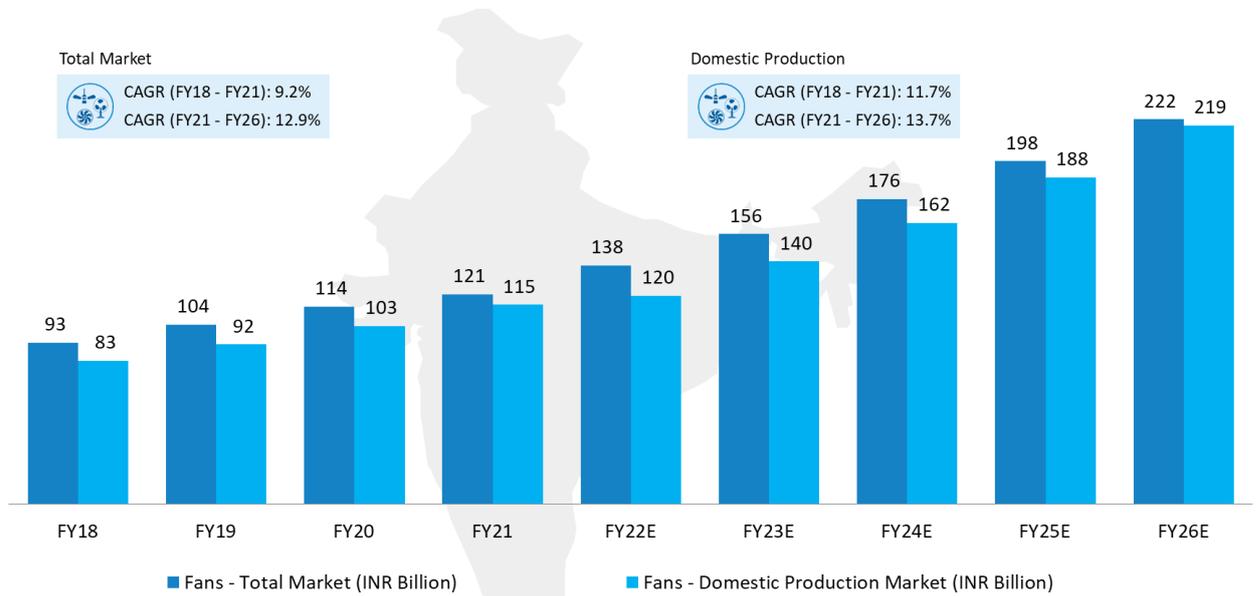
### Fans: Key Trends

- Innovations in IoT technology have supported new product launches of energy-efficient and smart fans, operated through mobile applications.
- There is a growing trend among Indian consumers to 'upgrade' to branded products from those sold loose, paying for service and convenience. This is driven by the increased awareness about global trends, quest for better products and focus on healthier living.
- Increased competition and low barriers of entry are leading to a decline in product prices. On the other hand, this is offset by the trend of premiumisation in the industry.

### Fans: Overall Market Size

The Indian fan market has tremendous growth potential in the coming years. From INR 121 billion in FY21 to INR 222 billion in FY26, the market is anticipated to increase at a 12.9% CAGR. Increased disposable income has resulted in shorter product replacement cycles and altered lifestyles, leading in faster consumer durables replacement. The upper-middle class is rapidly replacing fans as they want a better lifestyle and more beautiful décor. Until recently, the replacement cycle was 8-9 years. Urban replacement cycles for ceiling and TPW fans have been reduced to 5-6 years. Premium fans are anticipated to rise by 15-20% in the next 3-5 years, driven by an ambition to enhance lifestyle and décor.

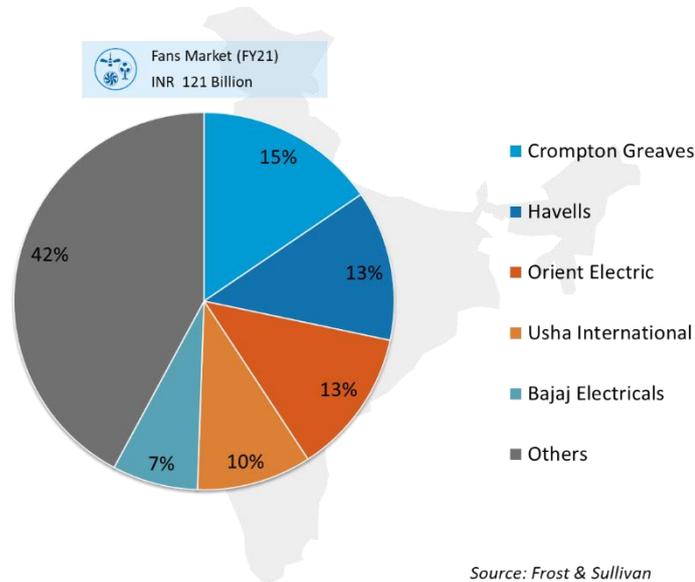
*Fans – Overall Market Estimates, Value in INR Billion, India, FY18-FY26E*



Note: E refers to Estimate

Source: Frost & Sullivan

**Fans – Brand Market Share by key players, Value in INR Billion, India, FY21**

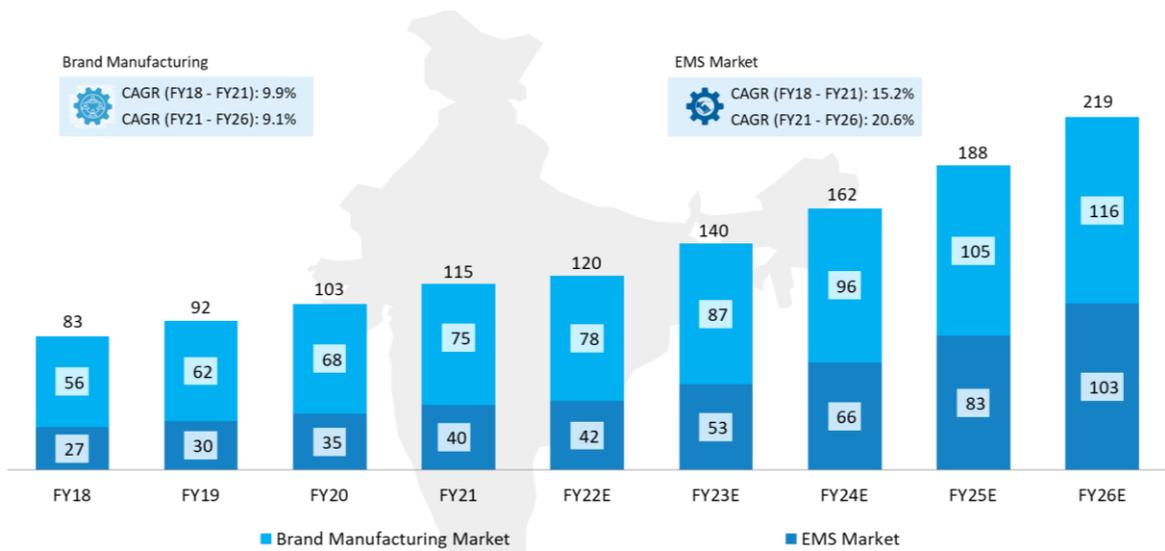


Source: Frost & Sullivan

The organised sector controls 80% of the fan market in India, and the majority of the needs are met domestically. The top 5 fan market players accounted for around 56% of total revenue. Crompton Greaves is leading the market with around 15% in FY21. Since the implementation of the GST, the unorganised sector has declined. The business is changing technologically, and premium fan brands such as Orient Electric and Havells are market leaders with over 40% market share apiece. Companies are increasingly focusing on energy efficiency and product attractiveness as a result of growing replacement demand.

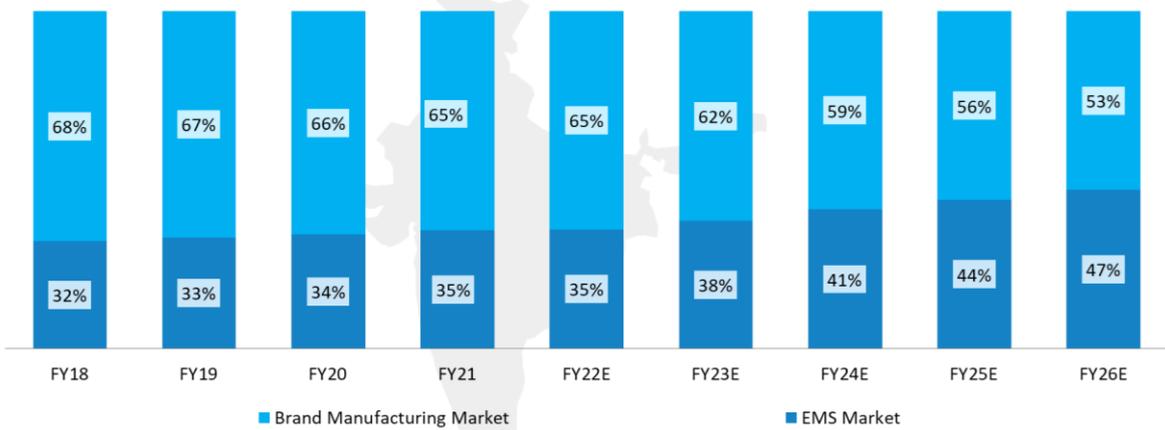
**Fans: Market Split EMS vs. Brand Manufacturing**

**Fans – (a) Market Split (b) Market share by EMS Vs. Brand Manufacturing, Value in INR Billion, India, FY18-FY26E**



Note: E refers to Estimate

Source: Frost & Sullivan



Note: E refers to Estimate

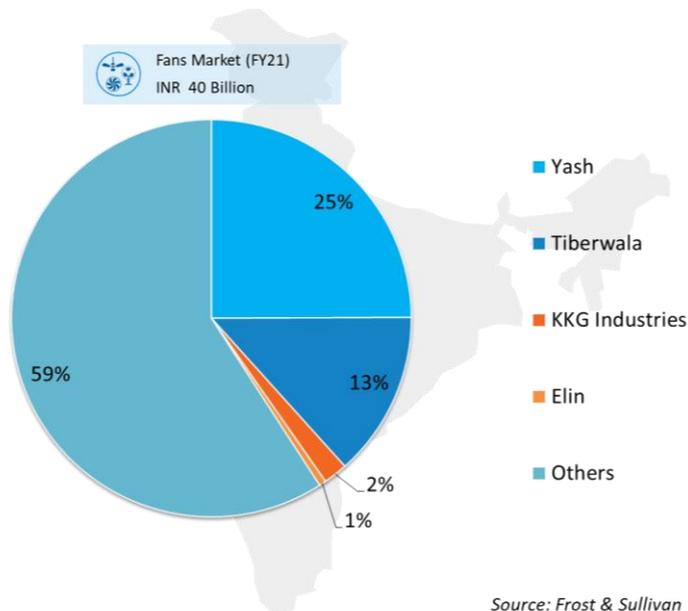
Source: Frost & Sullivan

The bulk of fans' domestic demand in India is met by local manufacturing; as domestic production accounts for more than 95% of domestic consumption, the import market for fans in India is relatively small. Since the bulk of OEM manufacturers have their own manufacturing facilities, the EMS market for fans in India is relatively moderate, accounting for nearly 33% of local manufacturing. OEMs are gradually transitioning to EMS model, comparable to other electronics and appliances. The entire production market is anticipated to expand at a CAGR of 13.7 %, while the EMS market will grow at a CAGR of 20.6 %.

### Fans: EMS Market Share Mapping

Key EMS players operating in this segment are Yash electronics, Tiberwala, KKG Industries and Elin Electronics. There are a few other players present in this category who are in the small and medium segments. Also, there are a high number of unorganised segments existing in the market. Elin Electronics entered this segment a couple of years ago and has been slowly emerging in the EMS category. Key clients of Elin Electronics include Signify and Eveready.

### Fans – EMS Market Share by key players, Value in INR Billion, India, FY21



## Other Products



### List of products considered under Other Product

Diagnostic Medical Cartridges / Medical Diagnostic Devices, Automotive Sheet Metal Component and Automotive Plastic Moulded Components

#### A. Diagnostic Medical Cartridges / Medical Diagnostic Devices

##### Medical Diagnostic Devices: Industry Overview

The Indian Medical Devices, market is experiencing dynamic changes with the emergence of advanced technologies, evolving clinical and administrative needs, and the introduction of new policies and regulations, which is forcing industry participants to innovate to maintain their competitive edge.

The Indian medical diagnostics industry has evolved significantly. As medical professionals increasingly rely on diagnostics to confirm, accurately identify disorders, and give treatment regimens, it has become a critical component of healthcare. With massive capital investment, India has become one of the major hubs for high-end diagnostic services, therefore catering to a wide population. The Indian government's PLI scheme for medical devices aims to increase investment and production to build companies that can expand and scale using cutting-edge technology and thereby penetrate global value chains.

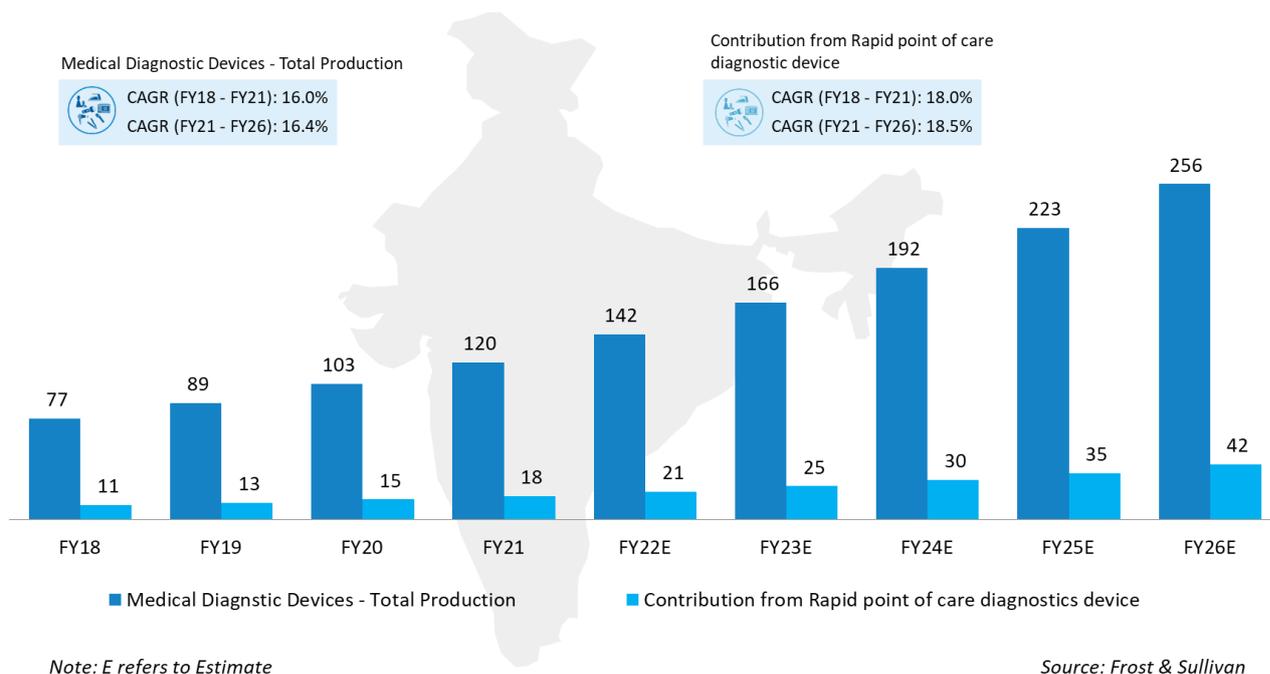
##### Medical Diagnostic Devices: Market Size vs. Domestic Production

The Medical device market in India is growing exponentially in the last few years, which is estimated at INR 728 Billion in FY21, which is expected to grow further at a rate of 16.6 % till FY26. However, the domestic production of medical devices is around INR 204 Billion, which is 28% of the overall market. Over the years, various medical device clusters have emerged across States in India, which has boosted the domestic manufacturing scenario, and with the help of PLI scheme, the industry is expected to grow further.

The Indian medical device industry, which is expanding at an unprecedented rate, has the presence of both large multinational corporations and small and medium-sized enterprises (SMEs). Approximately 65 percent of Indian manufacturers are domestic players in the consumer goods sector, primarily catering to domestic demand and exporting little. Elin's involvement in medical diagnostics is limited to the supply of medical cartridges to Molbio, a leading player in diagnostic devices which has its own patented technology in Rapid Point of Care equipment that is used for DNA and mRNA extraction and is available to individual labs, hospitals, and government hospitals. It is a distinct product in today's market. This product category's current market value is around INR 20 billion, and it is expected to grow at a 15% annual rate.

Increased demand for healthcare and medical products as a result of rising medical tourism is anticipated to boost local production at a rate of 18.5% over the next 5 years

**Medical Diagnostic Devices – Medical Devices Production vs. Diagnostic Devices Production, Value in INR Billion, India, FY18-FY26E**

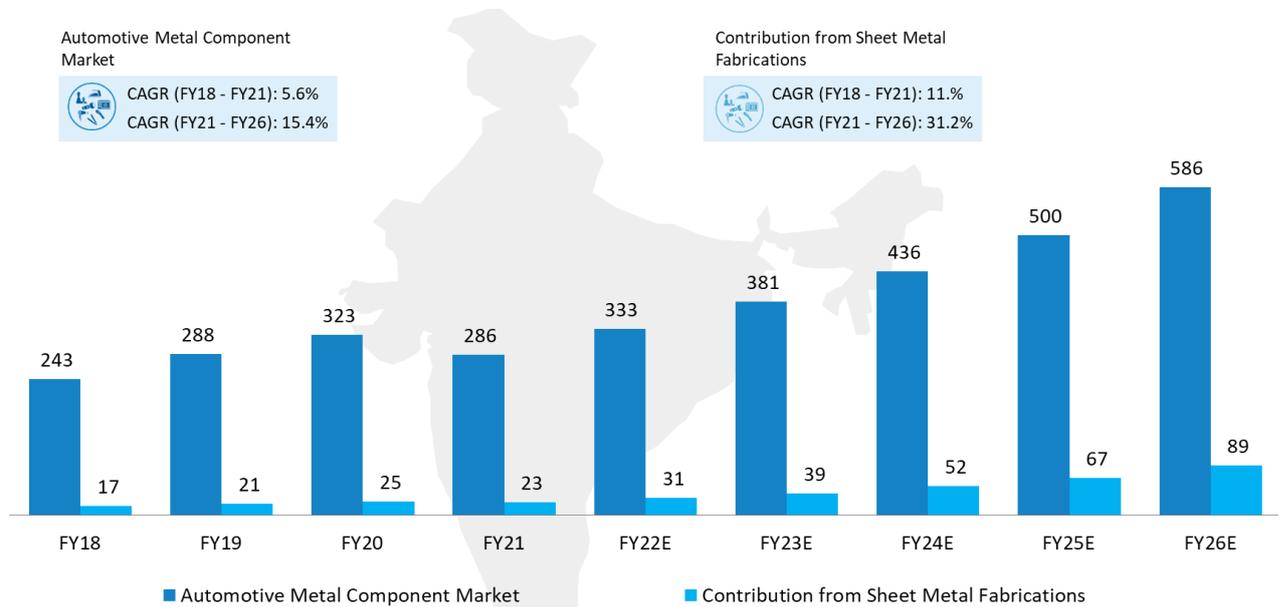


**B. Automotive Components - Sheet Metal and Plastic Moulding**

**B1. Automotive Sheet Metal Components: Overall Market vs. Contribution from Sheet Metal fabrications**

Automotive sheet metal component is an important market in India, as the country is a global powerhouse for the automotive industry. Although Tier 2 suppliers with in-house manufacturing capability account for a sizable share of auto component production, outsourced fabricators serve a sizable market, emerging as a critical source of revenue for the auto components industry. The automotive sheet metal components are produced by roughly 60-70 companies in Pune, NCR, Bengaluru, Chennai, Pithampur, Dharwad, Jamshedpur, Lucknow, and Rudrapur. JBM Auto, Panse Auto, Autoline Stamping, Elin Electronics, SM Auto, Delco Industries, and others are some of the major auto sheet metal fabricators. Indian auto component manufacturers are likely to gain from robust global demand and a comeback in the domestic manufacturing and aftermarket segments. Elin has a good presence in the auto components industry, supplying to industry majors such as Denso, Magnetti Marelli and Musashi.

**Automotive – Sheet Metal Component Market and Contribution from Sheet Metal Fabrications, Value in INR Billion, India, FY18-FY26E**



Note: E refers to Estimate

Source: Frost & Sullivan

The Indian automotive sheet metal fabrication is addressed by a select few players in the Indian market, which is supplied to auto ancillary and component suppliers. Fabrication work contributes to nearly 10% of the overall auto components market. The current market is estimated at around INR 23 Billion and is expected to grow at a 31.2% CAGR to reach around INR 89 Billion. Although the contribution is currently low, manufacturing of auto sheet metal components is gradually gaining traction as OEMs and Tier 2 suppliers are engaged in outsourcing the activities.

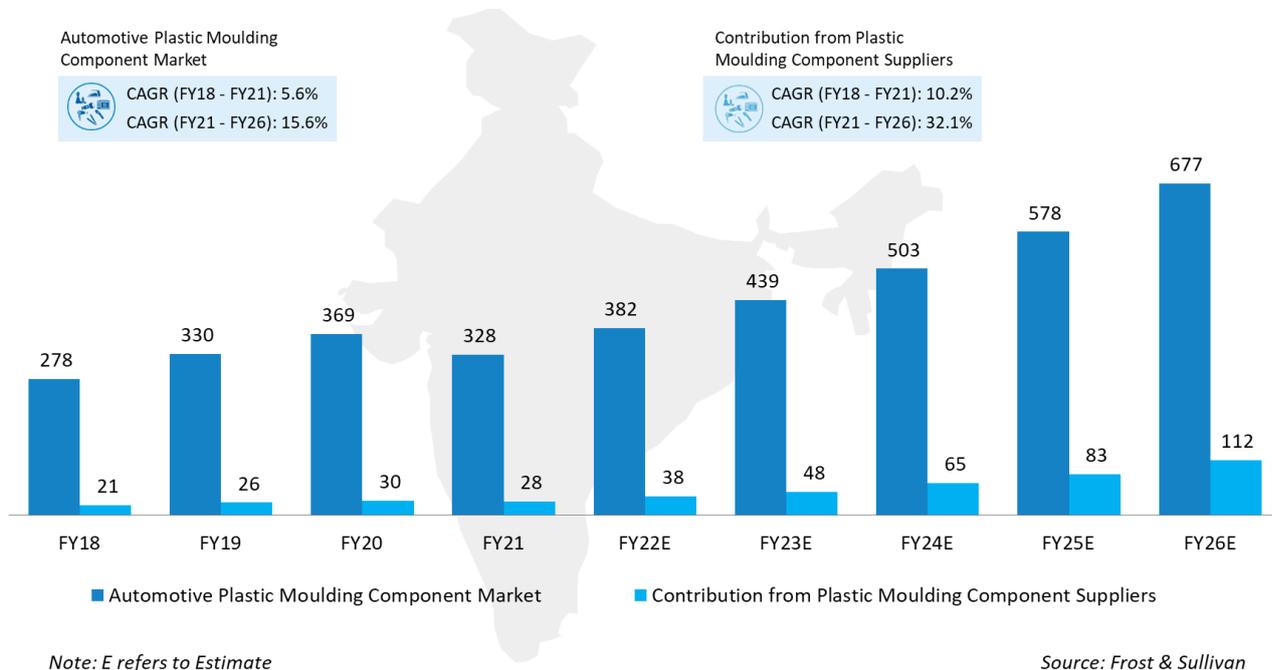
## B2. Automotive Plastic Moulding Components: Overall Market vs. Contribution from Plastic Moulding Component Suppliers

The plastic moulding industry, particularly in the automotive sector, contributes significantly to economic development and growth. In the automotive industry, as consistency, safety, and quality are of utmost importance, automotive plastic moulding components are gaining prominence. Injection moulding is a well-established and widely utilised manufacturing method, particularly for mass production of high-quality automobile parts.

A rise in adoption of plastic moulding components in the automotive segment is driving the growth of the market. Modern innovations aimed at reducing the rate of defective production have boosted the importance of plastic moulding in the mass production of intricate plastic models. A significant shift in the automotive industry's trend toward plastics over metals is expected to boost demand for plastic moulding components in the future. In terms of capacity, infrastructure, and skilled manpower, the Indian plastic moulding component industry is extremely promising.

Varroc Engineering, Plastic Opium, Motherson Sumi, Magna Styr, Prakash plastics, Affy India, SSI Moulds, BDI Group, Multitek, Ashuman Auto are some of the key auto plastic moulding component suppliers in India.

***Automotive – Plastic Moulding Component Market and Contribution Plastic Moulding Fabrications, Value in INR Billion, India, FY18-FY26E***



## COMPANY PROFILING

### Amber Enterprises India Ltd



#### Company Overview

- Amber Enterprises was established in 1990 and was converted to a public limited company in 2017.
- The company is a prominent solution provider for Air conditioner OEM/ODM Industry in India. It has a dominant presence in RACs complete unit and deals in major RAC components.
- The company provides greater energy efficiency as well as experience in indoor, outdoor, split, and window air conditioners. It also sells both AC and non-AC components.
- Amber is well-positioned to extract the core deliverables in terms of quality, pricing, and delivery due to its backward integration.

### Dixon Technologies India Ltd



#### Company Overview

- Dixon Technologies, located in Noida, is an Indian Electronics Manufacturing Services Company that was founded in 1993 and has been leading this space in India. Initially, the company began production of colour televisions.
- Dixon has now expanded its activities to numerous electronic sub-segments. The company offers design-focused solutions in consumer durables, home appliances, lights, mobile phones, and security systems, as well as repairing and refurbishing services for a wide range of products.
- Since its initial public offering in 2017, the company has been listed on the BSE and NSE.

## Comparative Analysis of Elin Electronics, Amber and Dixon

### A. Comparison of company's presence in end-user industry

Name of the EMS Company	Consumer Electronics	Home Appliances	Mobile Phones	Automotive	Telecom	Lighting	Medical	Others
Dixon Technologies India Ltd	✓	✓	✓		✓	✓	✓	✓
Amber Enterprises India Ltd	✓							✓
Elin Electronics Ltd		✓		✓		✓	✓	✓

Others\* include Industrial, IT, Telecom, Aerospace & Defence, Energy, etc.

Source: Company websites; Frost & Sullivan Analysis

**B. Revenue comparison, Value in INR Million, FY18 – H1 FY22**

Name of the EMS Company	FY18	FY19	FY20	FY21	H1 FY22
Dixon Technologies India Ltd	28,533.9	29,844.5	44,001.2	64,481.7	46,710.70
Amber Enterprises India Ltd	21,715.1	27,519.9	39,627.9	30,305.2	12,954.12
Elin Electronics Ltd	4,943.2	8,285.4	7,855.8	8,623.8	5,182.46

Source: Annual Reports, Frost & Sullivan Analysis

**C. EBITDA comparison, Ratio in %, FY18 – H1 FY22**

Name of the EMS Company	FY18	FY19	FY20	FY21	H1 FY22
Dixon Technologies India Ltd	4.1%	4.7%	5.2%	4.5%	3.4%
Amber Enterprises India Ltd	8.9%	8.1%	8.0%	8.4%	7.1%
Elin Electronics Ltd	7.8%	7.0%	7.2%	8.0%	7.4%

Source: Annual Reports, Frost & Sullivan Analysis

**D. PAT comparison, Ratio in %, FY18 – H1 FY22**

Name of the EMS Company	FY18	FY19	FY20	FY21	H1 FY22
Dixon Technologies India Ltd	2.1%	2.1%	2.7%	2.5%	1.7%
Amber Enterprises India Ltd	2.9%	3.4%	4.1%	2.7%	1.5%
Elin Electronics Ltd	3.1%	3.6%	3.4%	4.2%	3.7%

Source: Annual Reports, Frost & Sullivan Analysis

**E. RoCE Comparison, Ratio in %, FY18 – H1 FY22**

Name of the EMS Company	FY18	FY19	FY20	FY21	H1 FY22
Dixon Technologies India Ltd	30.5%	21.1%	28.9%	25.1%	10.6%
Amber Enterprises India Ltd	14.3%	13.1%	16.0%	8.4%	2.0%
Elin Electronics Ltd	18.3%	20.9%	17.1%	18.5%	9.5%

Source: Annual Reports, Frost & Sullivan Analysis

## OUR BUSINESS

*Some of the information contained in this section, including 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 18 for a discussion of the risks and uncertainties related to those statements. This section should be read in conjunction with “Risk Factors”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 25, 116 and 284, respectively, as well as the financial information included in “Financial Statements” on page 223.*

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Financial Statements” beginning on page 223.*

*Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company” or “the Company”, refers to Elin Electronics Limited on a consolidated basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the F&S Report, which has been commissioned by us in connection with the Offer. For risks in relation to commissioned reports, see “Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.” on page 43.*

### OVERVIEW

We are a leading electronics manufacturing services (“**EMS**”) manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on our overall market, we are projected to be the largest players in this category, with a market share of 12 % in Fiscal 2021. (Source: F&S Report) In addition, we are one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are also one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021. (Source: F&S Report)

We manufacture and assemble a wide array of products and provide end-to-end product solutions. We serve under both original equipment manufacturer (“**OEM**”) and original design manufacturer (“**ODM**”) business models. Under the OEM model, we manufacture and supply products basis designs developed by our customers, who then further distribute these products under their own brands. Under the ODM model, in addition to manufacturing, we conceptualize and design the products which are then marketed to our customers’ prospective customers under their brands. We have developed ODM capabilities with respect to lighting products and small appliances.

Our key diversified product portfolio in EMS includes (i) LED lighting, fans and switches including lighting products, ceiling, fresh air and TPW fans, and modular switches and sockets; (ii) small appliances such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryer and hair straightener; (iii) fractional horsepower motors, which is used in mixer grinder, hand blender, wet grinder, chimney, air conditioner, heat convactor, TPW fans etc.; and (iv) other miscellaneous products such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting, radio sets. In addition to our EMS offerings, we also manufacture medical diagnostic cartridges for use in diagnostic devices, and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors. We manufacture and sell fractional horsepower motors in our own brand name “Elin”.

We offer innovative solutions to our customers, which include leading international and national consumer electronics brands. Our comprehensive solution suite includes global sourcing, fabrication of components and parts, captive manufacturing and assembly, quality testing, packaging and logistics support, which enables us to partner with leading consumer electronics and appliances brands in India. Our key customers by business verticals include:

- *LED lighting, fans and switches:* Signify Innovations and Eveready;
- *Small appliances:* Philips, Bosch, Faber, Panasonic and Usha;
- *Fractional horsepower motors:* Havells, Bosch, Faber, Panasonic, Preethi (owned by Philips), Groupe SEB (Maharaja brand) and Usha;
- *Medical diagnostic cartridges:* Molbio Diagnostics Private Limited; and
- *Moulded and sheet metal parts and components:* Denso and IFB.

Our revenue from operations in Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021 was ₹ 8,285.45 million, ₹ 7,855.84 million, ₹ 8,623.78 million and ₹ 5,182.46 million, respectively. Our key product vertical wise revenue for the periods indicated is set out below:

(₹ in million)

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021
EMS	6,657.54	6,358.94	6,631.85	4,026.38
- LED lighting, fans and switches	3,161.41	2,928.05	2557.82	1,431.46
- Small appliances	2,298.09	1,939.00	1933.71	1,317.65
- Fractional horsepower motors	1,020.96	1,190.51	1843.97	1,157.84
- Other EMS products	177.08	301.38	296.35	119.43
Medical diagnostic cartridges	-	42.32	420.95	139.83
Moulded and sheet metal parts and components	1,253.69	1,097.18	1,232.96	855.01

We have decades of experience in EMS sector. Since inception, we have expanded our product portfolio, customer base and gained technological expertise in designing and manufacturing of our products. In 1973, we commenced manufacturing of tape deck mechanism for use in audio cassette players. In 1977, we commenced manufacturing of motors as a backward integration. In 1999, we started manufacturing of small appliances. In 2001, we commenced manufacturing of LED lighting and subsequently progressed into manufacturing of flashlights in 2007. In 2019, we started manufacturing fans. The most recent product vertical that we have entered into is the manufacturing of medical diagnostic cartridges, which we commenced in 2019. In the past, we have also manufactured, in collaboration with well-known global companies, tape deck mechanism, motors and compact disc mechanism.

We have an experienced Board of Directors and management team. Our management, including key managerial personnel have expertise and experience in the EMS industry.

We have three manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). As on September 30, 2021, our large scale setup included 149 units of molding machines and 105 units of power presses which enable us bringing efficiencies and economies of scale. Our modern and state-of-art manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable us to meet the quality requirements of our customers in a timely manner. In line with our focus to provide end-to-end product solutions and to develop better control on our supply chain and improve our margins, we have backward integrated our major manufacturing processes. We have developed in-house capabilities in SMT lines, die and mold manufacturing, injection molding, sheet metal components, semi-automated motor assembly, testing labs and surface coating. Our tool room has sophisticated machinery to produce quality tools and dies which in turn supports quality components and sub-assemblies. We have equipped our facilities to improve our cost efficiency, reduce dependency on third party suppliers and provide better control on production time and quality of critical components used in the manufacturing of products.

We have a centralized R&D centre in Ghaziabad (Uttar Pradesh), recognised by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India (“**DSIR**”) since 1992, focusing on the research and development on all aspects of OEM and ODM models including concept sketching, design refinement, generating optional features and testing. This enables us to address our consumers’ diverse needs, introduce new and innovative products in the market, enhance existing products with emerging technologies, and optimize costs across our products through value analysis and value engineering. As on September 30, 2021, our R&D team consisted of 136 employees, including engineers, designers and other workers. During Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, expenditure on research and product development including capital expenditure was ₹ 78.51 million, ₹ 65.70 million, ₹ 60.46 million and ₹ 28.61 million, respectively. Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021.

Our key financial performance indicators are:

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021*
Revenue from operations (₹ in million)	8,285.45	7,855.84	8,623.78	5,182.46
EBITDA (₹ in million)	582.14	562.43	690.03	384.55
EBITDA (%)	7.03	7.16	8.00	7.42

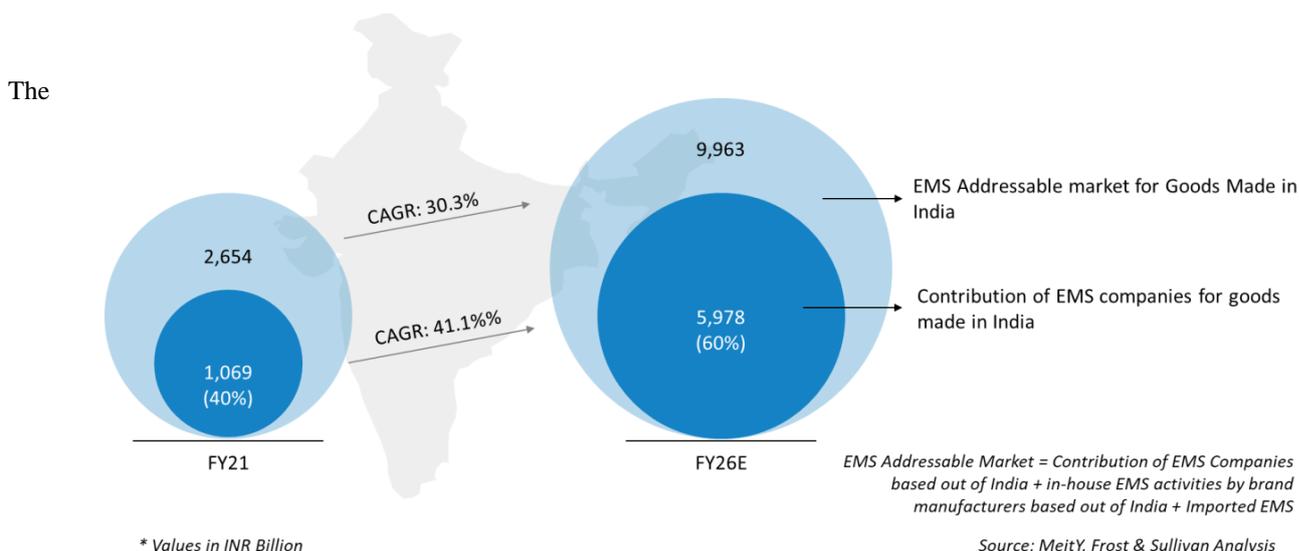
Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021*
Profit after tax (₹ in million)	290.74	274.87	348.57	193.33
PAT margin (%)	3.50	3.50	4.03	3.73
ROE (%)	15.72	12.88	14.23	7.10
ROCE (%)	20.86	17.08	18.55	9.52

\* Not annualised

## OUR MARKET OPPORTUNITY

The total addressable EMS market in India was valued at ₹ 2,654 billion (USD 36 billion) in Fiscal 2021, and is expected to grow to ₹ 9,963 billion in Fiscal 2026 with a CAGR of 30.3%. However, the contribution of Indian EMS companies is around 40%, which is valued at ₹ 1,069 billion (USD 14 billion) in Fiscal 2021, which is expected to grow at 41.1% CAGR to reach ₹ 5,978 billion (USD 81 billion) in Fiscal 2026. (Source: F&S Report)

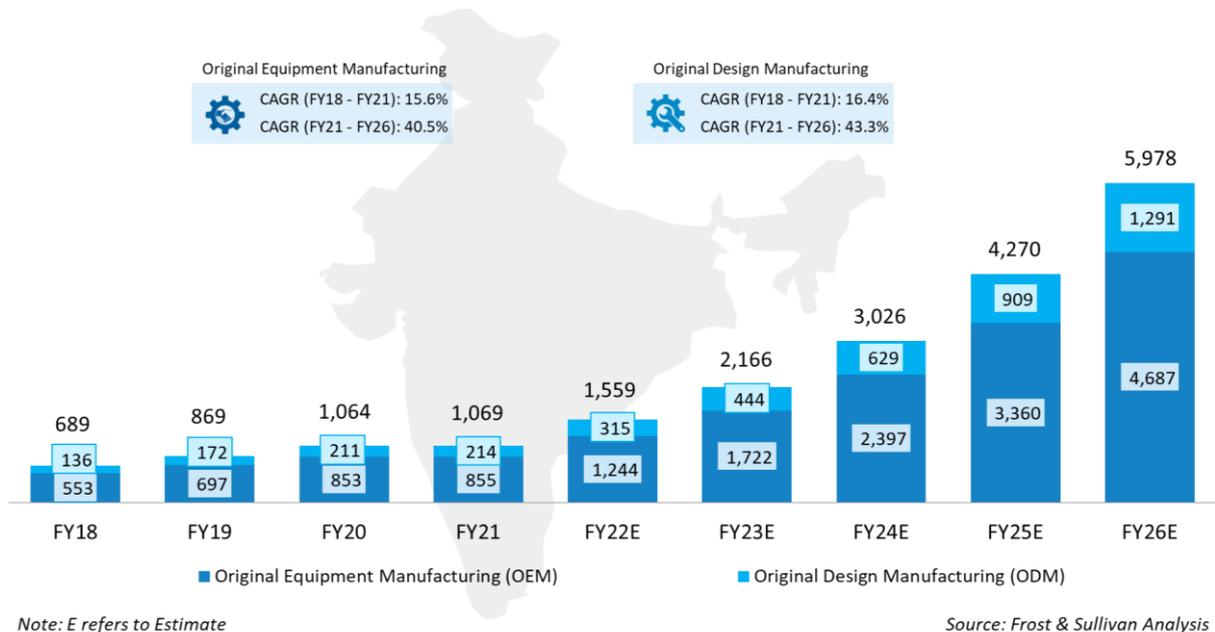
*EMS addressable market vs. Contribution of EMS companies for goods made in India, value in ₹ billion, Fiscal 2021 and Fiscal 2026E (map not to scale)*



expansion of India's EMS industry is fuelled by a variety of factors, including an increase in consumer electronics and appliances consumption as well as lighting segment. Other significant reasons driving the growth are raising labour costs in other parts of the world and a trend among large OEMs to outsource manufacturing rather than invest in their own infrastructure. Due to the size, complexity, and high level of competition in the Indian market, OEMs are focusing more on marketing and aftermarket activities, leaving the production to contract manufacturers. EMS companies are better positioned to adapt to frequent technology changes, and economies of scale allow for stringer pricing negotiations with raw material suppliers. (Source: F&S Report)

Most brands prefer engaging EMS partners for contract manufacturing, but the ODM model is slowly gaining traction in India, where brands collaborate with ODMs on product development. Many EMS players are gradually expanding to provide complete design services in addition to contract manufacturing/ original equipment manufacturing. Embracing ODM model of partnership with EMS partners coupled with venturing into new product segments is propelling OEMs to pursue EMS engagement. High volumes will influence EMS/ODM to bring in the component ecosystem locally and enhance domestic capabilities of component sourcing thus making the electronics ecosystem stronger. (Source: F&S Report)

*Indian EMS market break-up by OEM vs. ODM, value in ₹ billion, India, Fiscal 2018-Fiscal 2026E (map not to scale)*



Set forth below is the summary of our key product segments and market position in India with expected growth of EMS production for the period indicated (Source: F&S Report):

*Summary of Elin Electronics's Key Product Segments and Market Position, India, Fiscal 2021 and Fiscal 2026*

Segment	Total Domestic Market					Total Domestic Production			Domestic Production by EMS			EMS Share of Production		Elin's Market Position
	FY21	FY26E	CAGR %	Brand Leader	Customer of Elin	FY21	FY26E	CAGR %	FY21	FY26E	CAGR %	FY21	FY26E	
Small Appliances	73	99	6.3%	Philips	Yes	47	83	11.7%	18	43	19.2%	37%	52%	10.7% (Top 5)
Small Electric Motors (FHP)*	23	41	12.4%	N/A (Sold as input)	N/A	17	36	16.0%	N/A	N/A	N/A	N/A	N/A	12.0% (Market leader)
LED Lighting	125	359	23.5%	Signify	Yes	77	319	35.2%	35	229	45.8%	45%	72%	7.2% (Top 2)
Flashlights	5	7	6.7%	Eveready	Yes									
Fans	121	222	12.9%	Crompton	Yes	115	219	13.7%	40	103	20.6%	35%	47%	0.6% (New Entrant)

\* All values in INR Billion

# Elin supplies small electric motors under its own brand name

Source: Frost & Sullivan Analysis

## COMPETITIVE STRENGTHS

We believe that the following are our principal strengths:

### 1. Established market position in key verticals including leadership in fractional horsepower motors

We are a leading electronics manufacturing services (“EMS”) manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India. (Source: F&S Report) Set forth below is the summary of our key product segments and market position in India with expected growth of EMS production for the period indicated (Source: F&S Report):

Segment	Total Domestic Market					Total Domestic Production			Domestic Production by EMS			EMS Share of Production		Elin's Market Position
	FY21	FY26E	CAGR %	Brand Leader	Customer of Elin	FY21	FY26E	CAGR %	FY21	FY26E	CAGR %	FY21	FY26E	
Small Appliances	73	99	6.3%	Philips	Yes	47	83	11.7%	18	43	19.2%	37%	52%	10.7% (Top 5)
Small Electric Motors (FHP)*	23	41	12.4%	N/A (Sold as input)	N/A	17	36	16.0%	N/A			N/A		12.0% (Market leader)
LED Lighting	125	359	23.5%	Signify	Yes	77	319	35.2%	35	229	45.8%	45%	72%	7.2% (Top 2)
Flashlights	5	7	6.7%	Eveready	Yes									
Fans	121	222	12.9%	Crompton	Yes	115	219	13.7%	40	103	20.6%	35%	47%	0.6% (New Entrant)

\* All values in INR Billion

# Elin supplies small electric motors under its own brand name

Source: Frost & Sullivan Analysis

With our robust R&D set up, we design, manufacture and sell range of fractional horsepower motors including universal motor, exhaust fan motor, cooler motor, table fan motor, synchronous motor, sub pump and fan blower motor. Customers of our fractional horsepower motors are spread across multiple industries including small kitchen appliances, electric fans and air conditioners. We have substantial backward integration in manufacturing of fractional horsepower motors which includes press machines and moulding machines to manufacture sheet metal and plastics part which are used in fractional horsepower motors. We are in the process of further enhancing production of fractional horsepower motors by purchase of machinery and equipment by next Fiscal. In addition, we are planning to further enhance production of metal parts, moulded parts, tools and cartridge assembly by next Fiscal, which will result in enhanced backward integration and increased production across our product verticals.

The demand for motor-driven appliances including small and kitchen appliances is on the rise. Rising disposable income, electrification across India, decreasing prices due to increasing competition, upcoming new and additional manufacturing facilities to boost the demand for household appliances, and government initiatives such as power for all and housing for all programmes such as Pradhan Mantri Awas Yojana are key growth drivers of the demand for fractional horsepower motors in India. (Source: F&S Report)

We believe that our market penetration together with expansion plans for our manufacturing facilities as well as backward integration into manufacturing, enable us to be well-positioned to capture the growing demand.

## 2. Diversified products resulting in a de-risked business model

We have a diverse product, product vertical and customer base. Further, we cater to our customers across multiple product verticals. For example, Philips, Bosch and Panasonic are our customers in both fractional horsepower motors and small appliances verticals. Our diverse product portfolio enables us to balance out any impact or risk incurred with respect to any single product, product vertical or customer. We are also able to develop designs which are customised to customer specific requirements through our ODM capabilities.

Set out below is the revenue proportion of our key product verticals during Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021:

Period	Percentage of revenue from operations (%)					
	LED lighting, fans and switches	Small appliances	Fractional horsepower motors	Other EMS products	Medical diagnostic cartridges	Moulded and sheet metal parts and components
Fiscal 2019	38.16%	27.74%	12.32%	2.14%	-	15.13%
Fiscal 2020	37.27%	24.68%	15.15%	3.84%	0.54%	13.97%
Fiscal 2021	29.66%	22.42%	21.38%	3.44%	4.88%	14.30%
Six-month period ended September 30, 2021	27.62%	25.43%	22.34%	2.30%	2.70%	16.50%

### 3. *Entrenched relationships with a marquee customer base*

We have established and will continue to focus on strengthening our longstanding relationships with well-known domestic and multi-national customers across our product verticals. Out of our top 20 customers as at September 30, 2021, we have been serving 11 customers for over 10 years, and have been serving 16 customers for over 5 years. We believe our high customer retention capabilities are due to our one-stop-shop facilities and consistently maintaining high standards of manufacturing quality of products in a timely manner. We view these customers as our partners and seek to provide them with quality end-to-end product solutions. Our relationships with them have enabled us to continuously develop, diversify and improve our product portfolio, plan our production in anticipation of demand from retail customers and ensure continuous focus on quality and timely delivery of orders.

We typically enter into a general purchasing agreement for specific products with our customers which is valid for three years and renewed thereafter. Within this period, products are manufactured and sold on a purchase order basis. We follow stringent process in customer acquisition and retention for both new and existing products. For example, the process includes submission of product concept to potential customers and approval thereof, submission of functional and aesthetic prototype for customers' testing and market feasibility, development of product where tools and dies are developed as per customer specification, submission of final product to customers' quality department for quality check and reliability clearance, preparation of production plans along with customers, conduct of various audits by customers such as financial, quality, engineering and sustainability. This process may take upto 49 weeks till engineering build, depending on the customer and product.

The following tables summarize the revenue proportion of our top customers for the respective period:

S. No.	Top customers	Revenue from operations attributable to such customers (in ₹ million and % of revenue from operations)							
		Fiscal 2019		Fiscal 2020		Fiscal 2021		Six-month period ended September 30, 2021	
		In ₹ million	%	In ₹ million	%	In ₹ million	%	In ₹ million	%
1.	Top five customers	5,995.74	72.36%	5,422.78	69.03%	5,426.52	62.93%	3,459.44	66.75%
2.	Top 10 customers	6,803.08	82.11%	6,348.02	80.81%	6,718.22	77.90%	4,157.49	80.22%

The following table summarizes the duration of the relationship between us and the top customers during Fiscal 2021:

S. No.	Top five customers during Fiscal 2021	Key products purchased	Duration of relationship with us	Revenue from operations attributable to such customer (in ₹ million and % of revenue from operations)							
				Fiscal 2019		Fiscal 2020		Fiscal 2021		Six-month period ended September 30, 2021	
				In ₹ million	%	In ₹ million	%	In ₹ million	%	In ₹ million	%
1.	Signify	LED lighting and fans	More than 10 years	2,873.51	34.68%	2,599.98	33.10%	2,236.00	25.93%	1,251.27	24.14%
2.	Philips	Small appliances and fractional horsepower motors	More than 10 years	2,037.37	24.59%	1,715.08	21.83%	1,496.53	17.35%	1,164.96	22.48%
3.	Havells	Fractional horsepower motors	More than 10 years	328.87	3.97%	399.41	5.08%	846.51	9.82%	548.11	10.58%
4.	Eveready	LED lighting and fans	More than 10 years	405.70	4.90%	391.19	4.98%	423.04	4.91%	218.02	4.21%
5.	Molbio	Medical diagnostic cartridges	Approximately three years	14.68	0.18%	48.08	0.61%	424.44	4.92%	147.99	2.86%

In Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, we catered to 289, 327, 387 and 267 customers, respectively. Further, we believe that our customers are well established players in the industry. Set forth below are the select details of vertical wise positioning of our reputed customers: (*Source: F&S Report*)

Particulars	Small appliances	LED lighting	Flashlights	Fans
Brand leader	Philips	Signify	Eveready	Crompton
Whether our customer	Yes	Yes	Yes	Yes

We have been able to establish and maintain long-term relationship with our marquee customers for different products. For example, we started our relationship with Philips by manufacturing radio in 2001 and subsequently started manufacturing small appliances for them. Currently, we also manufacture lighting products and fractional horsepower motors for Philips and Preethi (owned by Philips).

Our ability to be a key supplier and establish long term relationships with many of our customers demonstrates our ability to maintain customer stickiness and strong delivery capabilities. Our global customers typically have stringent approval processes and quality audit checks in the selection of the suppliers. Our high standards of manufacturing quality, enable us to consistently deliver quality products which meet the customer specific requirements.

We believe, our strong relationships with well-established customers has not only been instrumental in our success to date, but also will be a strong driver of our future growth and help expand our market share, develop new products and enter newer markets.

**4. High degree of backward integration resulting in higher efficiencies, enhanced quality of products and customer retention capability**

Since inception, we have placed strong focus on expanding our technological expertise in manufacturing of our products integrating our services, and thereby increasing our efficiencies, becoming an ideal partner for our customers and maintaining an edge over our competitors. We believe that our dedication to manufacturing and our infrastructure ensure customer satisfaction, foster customer loyalty and generate repeat business.

Our capabilities which enable us to provide end-to-end solutions are:

- *In-house manufacturing of components and sub-assemblies:* We have set up in-house manufacturing for die and mold, sheet metal components, plastic molded components, aluminium die casting and surface coating. Our backward integrated in-house manufacturing supports all our product verticals.
- *State-of-art manufacturing facilities:* We have modern and state of the art manufacturing facilities equipped with high quality machinery, assembly lines and full power backup for 100% capacity. Our tool room has sophisticated machinery which produces best in class tools and dies which in turn supports best quality components and sub-assemblies. As on September 30, 2021, our large scale setup includes 149 molding machines and 105 power presses helps us bring efficiencies and economies of scale.
- *PCB assembly:* In house PCB assembly on surface mount technology (SMT) is a critical part of our manufacturing process and prowess. We have four such fully automatic assembly lines with 240,000 CPH capacity per hour.

We also have captive manufacturing of fractional horsepower motors and other products such sheet metal, plastic moulding parts, tools and dies, sole plates for irons, stainless steel blades for mixer grinder etc. as for usage in our other product verticals such as small appliances. Set forth below are the details of key captive consumption for the periods indicated:

Particulars	Captive consumption in ₹ in million			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
Fractional horsepower motors	175.93	197.03	278.14	157.73
Others (Sheet metal and plastic moulding etc.)	189.53	185.61	218.60	131.08

Backward integration provides us the benefit of greater control on the manufacturing process, quality and the corresponding benefits of cost efficiencies thereby improving our margins. Backward integration also enables us to have less dependency

on third parties, gain control over the quality of components required for manufacturing our products, have upper edge in designing products, improve operational and functional efficiencies and gain strategic advantages over competitors. This also enables us to address our consumers' diverse needs, introduce new and unique products in the market and enhance existing products with emerging technologies. As a result, we are able to fulfil customers' requirements in a timely manner and enhance our ability to offer cost-competitive 'one-stop-shop' solutions.

## 5. Consistent and strong track record of financial performance

Our presence in product segments with growing demand, marquee customer base and continuous focus on efficiency and productivity have enabled us to deliver consistent and strong financial performance.

We believe we have a strong balance sheet with net worth of ₹ 2,824.48 million as of September 30, 2021 and have been able to maintain a low debt position. As of September 30, 2021, we had total long-term borrowing of ₹ 395.15 million, while our interest coverage ratio was 5.20 times. We believe we have prudently utilized our resources, which has enabled us to fund our expansions through a mix of internal accruals and debt. Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021, respectively. We believe that our strong operational and financial performance will allow us to take advantage of the growth opportunities in the OEM and ODM industry in India.

Our key financial performance indicators are:

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021
Revenue from operations (₹ in million)	8,285.45	7,855.84	8,623.78	5,182.46
Net worth (₹ in million)	1,990.21	2,277.68	2,622.71	2,824.48
EBITDA (₹ in million)	582.14	562.43	690.03	384.55
EBITDA (%)	7.03	7.16	8.00	7.42
Profit after tax (₹ in million)	290.74	274.87	348.57	193.33
PAT margin (%)	3.50	3.50	4.03	3.73
ROE (%)	15.72	12.88	14.23	7.10
ROCE (%)	20.86	17.08	18.55	9.52
Asset turnover ratio	2.08	2.03	1.70	0.94
Net working capital days	40	48	53	48
Debt to equity ratio	0.44	0.31	0.43	0.47
Interest coverage ratio	3.93	4.00	5.91	5.20

## COMPETITIVE STRATEGIES

We believe that the following are our principal strategies:

### 1. Enhance customer base and relationships through cross-selling and product development

In Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, we catered to 289, 327, 387 and 267 customers, respectively. We cater to our customers across multiple product verticals. We intend to increase cross-selling of our product to increase customer base in various product verticals and expand into new or adjacent product verticals with our existing customers. Following are the select cross-selling expansion instances with our marquee customers:

- *Philips*: We started our relationship with Philips by manufacturing radio in 2001 and subsequently started manufacturing small appliances for them. Currently, we also manufacture lighting products and fractional horsepower motors for Philips and Preethi (owned by Philips).
- *Signify (erstwhile Philips)*: We started our relationship with Signify (erstwhile Philips) in 2002. We have expanded our relationship with Signify from manufacturing lighting products to manufacture fans as well for them.
- *Panasonic*: We started our relationship with Panasonic in 2007. We have expanded our relationship with Panasonic from manufacturing fractional horsepower motors to manufacture complete irons for them.
- *Usha*: We started our relationship with Usha in 2014. We have expanded our relationship with Usha from manufacturing fractional horsepower motors to manufacture mixer grinders and recently fans for them.
- *Bosch*: We started our relationship with Bosch in 2020. We have expanded our relationship with Bosch from manufacturing fractional horsepower motors to manufacture complete mixer grinder for them.

We will continue to leverage our existing customer relationships to expand into new product categories. For example, we have been selected as manufacturing partner by Philips for trimmers. Revenues from Philips for trimmers is expected to commence in Fiscal 2023.

## **2. *Expand ODM share of the business***

We believe that customers are increasingly looking for ODM capabilities in their manufacturing partners. Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021, respectively. We have developed ODM capabilities with respect to lighting products and small appliances. Our primary ODM capabilities are as follows:

- *Lighting products:* We have ODM capabilities in baton lights, down lights, flashlights, wall lights and linear lights. ODM customers in this vertical include Signify and Eveready.
- *Small appliances:* We have ODM capabilities in irons and mixer grinders. ODM customers in this vertical include Philips, Panasonic, Usha and Faber.

We are also able to retain marquee customers through our ODM capabilities. We have catered to six ODM customers between Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021. Our ODM capabilities are a function of our strong R&D setup and capabilities.

We intend to capitalise on our existing OEM experience and increase our customer base and product portfolio through ODM projects with strong R&D setup and capabilities.

## **3. *Augmenting our R&D capabilities***

Leveraging on the experience and knowledge derived from manufacturing operations, our Company set-up centralized R&D centre in Ghaziabad (Uttar Pradesh) focusing on the research and development of engineering product designing, die and mould designing, electronic circuit designing and prototype designing. Our R&D unit was recognised by DSIR in the year 1992 and recently such recognition was renewed until March 31, 2024. Our R&D centre is enabled for product design with 3-dimensional software, 2-dimensional designing software and PCB designing. We also have plastic flow simulation software and magtrol motor tester. Our R&D facility is involved in proto-typing, tool making, product testing and reliability testing. As of September 30, 2021, we have two product designers, two PCB designer, two press tool designer, three motor designers, four process designers, six tooling engineers and six mold designer among our total 136 employees working at our R&D centre. Further, we have outsourced industrial design concept to approved designers.

At our R&D centre, we have a tool room that enables us to create the tooling for our product development for both OEM and ODM. In addition, we are able to suggest cost optimizations in contract manufacturing as well to our customers. Our ODM capabilities are function of our strong R&D setup and capabilities. We also plan to enhance tool room capacity by purchase of EDM ZNC Machine and CNC EDM Machine.

Through our focus on R&D and developing products with our customers, we will be able to continually innovate and refresh our products in line with the demands of our customers as well as end-user preferences for better comfort, quality, performance and aesthetics in their products. By developing products with our customers and by offering a broad range of products across segments, we are able to increase customer dependence on us and position ourselves as a preferred supplier to our customers across segments.

## **4. *Expanding operations in medical diagnostics cartridges***

We commenced manufacturing medical cartridges in the year 2019 in our facility in Goa. We are currently supplying to Molbio Diagnostics Private Limited, a leading player in diagnostic devices which has its own patented technology in Rapid Point of Care equipment that is used for DNA and mRNA extraction and is available to individual labs, hospitals, and government hospitals (*Source: F&S Report*). This product vertical contributed 4.88% of our revenue from operations in Fiscal 2021. We intend to expand our customer and product base in relation to medical diagnostics equipment market.

Contribution from rapid point of care diagnostics devices is expected to at CAGR of 18.5% from estimated production value of ₹ 18 billion in Fiscal 2021 to reach ₹ 42 billion in Fiscal 2026. Increased demand for healthcare and medical products as a result of rising medical tourism is anticipated to boost local production at a rate of 18.5% over the next 5 years. (*Source: F&S Report*)

We have planned capital expenditure for construction of building and purchase of machinery which will assist in expansion of medical diagnostics cartridges assembly line. We plan to purchase cartridge assembly line and moulding machine to

enhance production of medical diagnostics cartridges. We currently propose to double our existing production capacity for medical diagnostic cartridges from 35,000 units per day to 70,000 units per day, as well as focus on manufacturing of other medical diagnostic market, such as sterilizer for Philips in a clean room technology setup. We believe that this expansion will enable us to generate higher revenue.

We intend to draw on our experience, market position and ability to timely deliver quality product to successfully foray further in medical diagnostics cartridges vertical.

#### **5. Focus on one-stop-shop facility with increased degree of backward integration**

With our strong R&D capabilities and backward integration, we are largely an integrated one-stop-shop facility for our customers. We believe our high customer retention capabilities are due to, among others, our one-stop-shop facilities.

We have enhanced our backward integration over the years. For example, in 2019, we installed in-house die casting and coating facility to manufacture aluminum sole plates which is one of the primary raw component for irons. This has resulted in enhanced profitability, improved quality and savings on logistics cost. Further, in 2020, we started manufacturing stainless steel blades in-house with a high quality manufacturing setup which is used for mixer grinders. Now, we are selling stainless steel blades as standalone product to various other mixer grinder manufacturers. This has resulted in improved quality and increase in revenue.

We plan to purchase various equipment and machinery to further enhance our moulding capacity, automation of moulding machines and motor assembly process, sheet metal production capacity, among others. As a result, this will further enhance our backward integration. For details, also see “*Objects of the Offer*” on page 92.

#### **RECENT DEVELOPMENT – COVID-19 IMPACT**

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. Although the ultimate impacts of COVID-19 remain uncertain in light of a surge in COVID-19 infections and the re-imposition of regional and local lockdowns due to such surge, the pandemic has currently increased the requirement for EMS services.

Our business was impacted, and may continue to be impacted, during the COVID -19 pandemic. Due to COVID-19 restrictions, our manufacturing facilities in Ghaziabad (Uttar Pradesh) and Baddi (Himachal Pradesh) were shutdown for a period of approximately 42 days and 34 days, respectively, from March 2020. However, manufacturing facility at Goa was operational to manufacture medical diagnostic cartridges being an essential item. Post gradual easing of restriction, non-availability of labour resulted in a slowdown in our operations, however, gradually labour availability was normalised.

While it remains possible that sustained or deepened impact on consumer demand resulting from COVID-19 or the related economic recession could negatively impact our performance, we believe that we are well positioned to weather the pandemic.

#### **BUSINESS OPERATIONS**

We are a leading electronics manufacturing services (“EMS”) manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on our overall market, we are projected to be the largest players in this category, with a market share of 12 % in Fiscal 2021. (*Source: F&S Report*) In addition, we are one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are also one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021. (*Source: F&S Report*) We offer innovative and cost-effective solutions to our marquee clients, including leading international and national brands.

We typically manufacture and supply our products for ODM and OEM business vertical on the basis of purchase orders with our customers. We typically enter into a general purchasing agreement for specific products with our customers which is valid for three years and renewed thereafter. Within this period, products are manufacture and sold a purchase order basis.

Our general purchasing arrangements with our key customers typically include terms, among others, relating to product specifications, project book, delivery schedule, warranties, supply of spare parts, supply chain security and pricing policy. Our key customers also provide us with annual operating plan and enter into scheduling agreements only for the purposes of providing non-binding information for production and manufacturing planning and such orders and agreements do not constitute purchase orders or commitment. Based on these arrangements, our customers provide us with purchase orders

which typically include precise terms for lead time for delivery of products, delivery schedule in terms of quantities for certain months.

## OUR MANUFACTURING FACILITIES

We have three manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). Our modern and state-of-art manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable us to meet the quality requirements of our customers in a timely manner. We source energy from local utility companies and DG sets and water from ground water and local utility companies at our manufacturing facilities. We have also been allotted land measuring approximately 16,200 square meters and 3,600 square meters on 99 years and 90 years leases in Bhiwadi and Noida, respectively. As on the date of this Draft Red Herring Prospectus, these allotments of land in Bhiwadi and Noida are yet to be registered as leases.

Details of our manufacturing facilities are set out below:

S. No.	Name of Facility	Area (in square meter)*	Year of commencing operations	Products manufactured	Key machinery/equipment
1.	Ghaziabad (Uttar Pradesh)	19,868.89	1970	Fractional horsepower motors, LED lighting, fans and switches, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, sheet metal fabrication machinery, product assembly lines, PCB manufacturing SMT lines
2.	Verna (Goa)	7,500.00	1995	Medical diagnostic cartridges, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, product assembly lines
3.	Baddi (Himachal Pradesh)	20,882.00	2004	Small appliances	Die casting machinery, plastic moulding machinery, sheet metal fabrication machinery, product assembly lines

\* As certified by Er. B.P. Singh, independent chartered engineer, vide certificate dated October 29, 2021.

The table below sets out our production volume across our key product portfolio for the period indicated as certified by Er. B.P. Singh, independent chartered engineer, vide certificate dated October 14, 2021:

Product/Vertical	Aggregate annual installed capacity for the period (in units)#	Production during six-month period ended September 30, 2021 (in units)	Capacity utilisation (annualised) (%)
<b>EMS</b>			
<b>LED lighting, fans and switches</b>			
- LED fittings, fixture and solar device	17,500,000	5,144,615	58.80%
- LED flashlights (torch)	12,500,000	5,196,958	83.15%
- Fans (all types)	600,000	258,629	86.21%
- Light fitting/ switch	6,000,000	2,332,976	77.77%
<b>Small appliances</b>			
- Mixer grinder	750,000	319,849	85.29%
- Bar blender	400,000	172,072	86.04%
- Hair dryer	1,000,000	425,341	85.07%
- Hair straightener	1,000,000	382,704	76.54%
- Iron	3,000,000	933,603	62.24%
- Toasters	50,000	21,018	84.07%

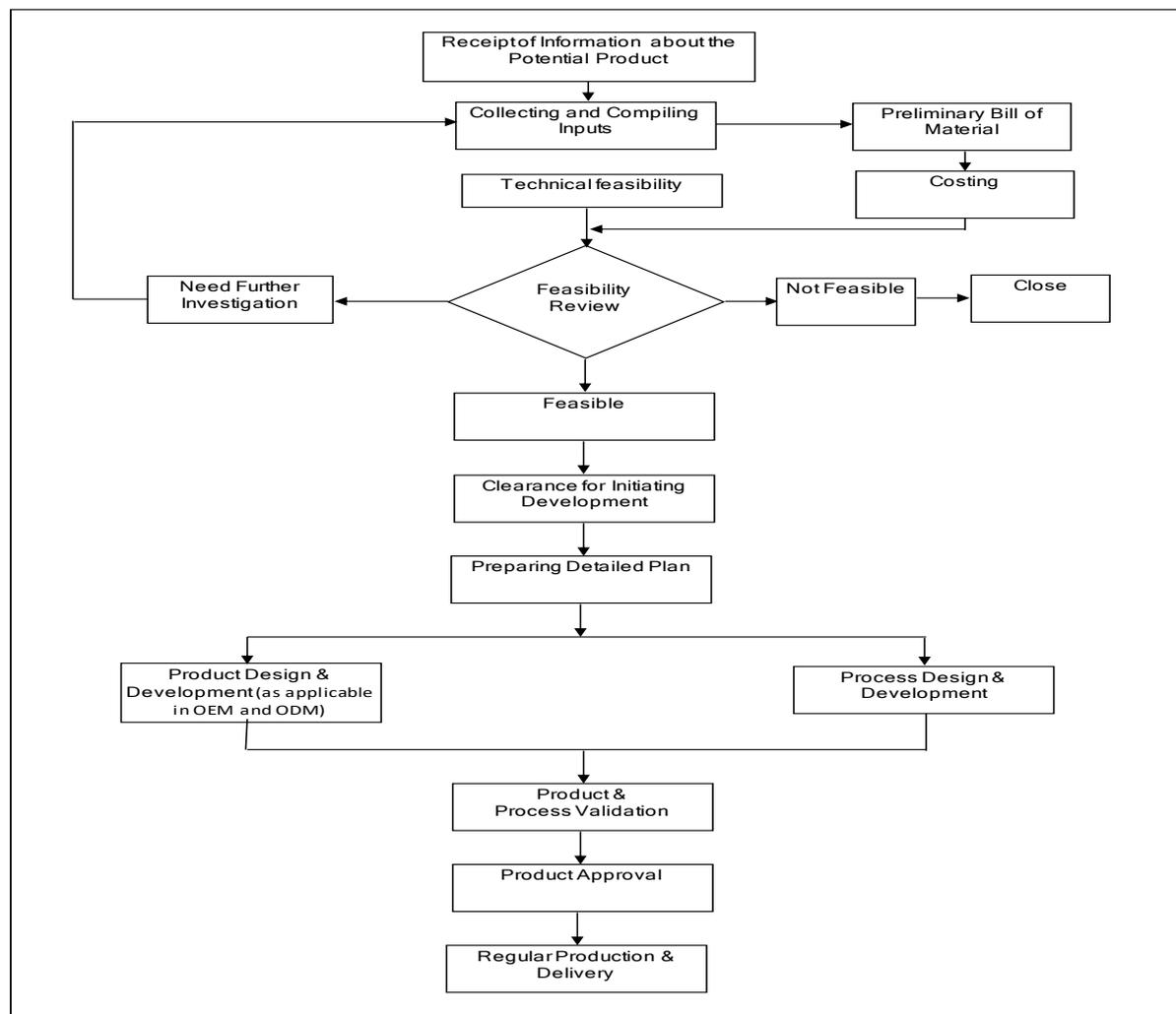
Product/Vertical	Aggregate annual installed capacity for the period (in units) <sup>#</sup>	Production during six-month period ended September 30, 2021 (in units)	Capacity utilisation (annualised) (%)
<b>Fractional horsepower motors</b>	<b>8,000,000</b>	<b>3,111,833</b>	<b>77.80%</b>
<b>Other products</b>			
- Terminal block	5,000,000	1,104,907	44.20%
- Stainless steel blade	7,000,000	2,986,152	85.32%
- Die casting components	5,000,000	2,183,305	87.33%
- Dies/tools/molds	300	159	87.45%
<b>Medical diagnostic cartridges</b>	<b>10,500,000</b>	<b>2,581,998</b>	<b>49.18%</b>

# Calculated as on September 30, 2021.

Product/Vertical	Fiscal 2019			Fiscal 2020			Fiscal 2021		
	Aggregate annual installed capacity for the period (in units) <sup>#</sup>	Production during Fiscal 2019 (in units)	Capacity utilisation (%)	Aggregate annual installed capacity for the period (in units) <sup>#</sup>	Production during Fiscal 2020 (in units)	Capacity utilisation (%)	Aggregate annual installed capacity for the period (in units) <sup>#</sup>	Production during Fiscal 2021 (in units)	Capacity utilisation (%)
<b>EMS</b>									
<b>LED lighting, fans and switches</b>									
- LED fittings, fixture and solar device	17,500,000	15,279,242	87.31%	17,500,000	15,586,871	89.07%	17,500,000	11,425,074	65.29%
- LED flashlights (torch)	12,500,000	11,113,571	88.91%	12,500,000	11,004,860	88.04%	12,500,000	9,670,476	77.36%
- Fans (all types)	25,000	13,796	55.18%	25,000	12,766	51.06	300,000	248,294	82.76%
- Light fitting/switch	6,000,000	5,030,516	83.84%	6,000,000	5,582,980	93.05%	6,000,000	5,408,495	90.14%
<b>Small appliances</b>									
- Mixer grinder	600,000	541,246	90.21%	610,000	519,195	85.11%	700,000	627,991	89.71%
- Bar blender	200,000	162,273	81.14%	200,000	146,775	73.39%	300,000	239,089	79.70%
- Hair dryer	1,000,000	845,523	84.55%	1,000,000	650,485	65.05%	1,000,000	582,365	58.24%
- Hair straightener	1,000,000	730,859	73.09%	1,000,000	611,388	61.14%	1,000,000	376,273	37.63%
- Iron	3,000,000	2,625,795	87.53%	3,000,000	2,094,705	69.82%	3,000,000	1,674,004	55.80%
- Toasters	50,000	46,347	92.69%	50,000	31,307	62.61%	50,000	32,642	65.28%
<b>Fractional horsepower motors</b>	<b>4,500,000</b>	<b>3,894,716</b>	<b>86.55%</b>	<b>6,000,000</b>	<b>5,153,316</b>	<b>85.89%</b>	<b>8,000,000</b>	<b>6,824,516</b>	<b>85.31%</b>
<b>Other products</b>									
- Terminal block	5,000,000	3,882,469	77.65%	5,000,000	4,737,408	94.75%	5,000,000	3,343,773	66.88%
- Stainless steel blade	500,000	20,903	4.18%	4,000,000	3,099,452	77.49%	5,000,000	4,048,741	80.97%
- Die casting components	100,000	500	0.50%	1,500,000	1,295,069	86.34%	5,000,000	4,034,197	80.68%
- Dies/ tools/ molds	300	256	85.33%	300	219	73.00%	300	203	67.67%
<b>Medical diagnostic cartridges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>496,670</b>	<b>49.67%</b>	<b>8,000,000</b>	<b>6,824,516</b>	<b>85.01%</b>

# Calculated as on March 31 of respective Fiscal.

Set out below are the key activities involved in manufacturing and assembly of our products in OEM and ODM business models:



## OUR PRODUCTS AND SERVICES

We manufacture and assemble a wide array of products and provide end-to-end product solutions. Our key diversified product portfolio in EMS includes (i) LED lighting, fans and switches including lighting products, ceiling, fresh air and TPW fans, and modular switches and sockets; (ii) small appliances such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryer and hair straightener; (iii) fractional horsepower motors, which is used in mixer grinder, hand blender, wet grinder, chimney, air conditioner, heat convactor, TPW fans etc.; and (iv) other miscellaneous products such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting, radio sets. In addition to our EMS offerings, we also manufacture medical diagnostic cartridges for use in diagnostic devices, and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors. We manufacture and sell fractional horsepower motors in our own brand name “Elin”.

Our comprehensive solution suite includes global sourcing, fabrication of components and parts, captive manufacturing and assembly, quality testing, packaging and logistics support, which enables us to partner with leading consumer electronics and appliances brands in India.

Set forth below is our product vertical wise revenue for the period indicated:

(₹ in million)

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021
EMS	6,657.54	6,358.94	6,631.85	4,026.38
- LED lighting, fans and switches	3,161.41	2,928.05	2,557.82	1,431.46

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021
- Small appliances	2,298.09	1,939.00	1,933.71	1,317.65
- Fractional horsepower motors	1,020.96	1,190.51	1,843.97	1,157.84
- Other EMS products	177.08	301.38	296.35	119.43
Medical diagnostic cartridges	-	42.32	420.95	139.83
Moulded and sheet metal parts and components	1,253.69	1,097.18	1,232.96	855.01
Others <sup>(1)</sup>	374.22	357.40	338.02	161.24
<b>Total</b>	<b>8,285.45</b>	<b>7,855.84</b>	<b>8,623.78</b>	<b>5,182.46</b>

(1) Others include scrap sale and export incentives as applicable for the relevant period.

### Electronics manufacturing services

We commenced our electronics manufacturing services operation in the year 1973, with manufacturing of tape deck mechanism for use in audio cassette players. Since inception, we have expanded our product portfolio, customer base and gained technological expertise in designing and manufacturing of our products. Key products in our EMS business vertical include (i) LED lighting, fans and switches; (ii) small appliances; (iii) fractional horsepower motors; and (iv) other EMS products.

#### LED lighting, fans and switches

The following table sets forth certain information relating to our key products in this vertical for the period indicated:

S. No.	Product	Year of launch	Select product picture	Revenue from operations (₹ in million)			
				Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
1.	LED lights	2001		2,674.17	2,418.41	1,869.89	984.93
2.	LED flashlights	2007		361.21	352.29	345.61	189.74
3.	Miscellaneous lighting products	Launch of switch in 2010		119.7	145.53	129.49	64.78
4.	Fans	2019		6.33	11.82	212.83	192.01

The following table sets forth the break-up of contribution of revenue earned from key customers in this vertical for the period indicated:

S. No.	Name of key customer	Percentage of revenue generated from LED lighting, fans and switches	
		Fiscal 2021	Six-month period ended September 30, 2021
1.	Signify Innovations India Limited	84.43%	84.58%
2.	Eveready Industries India Limited	13.29%	12.89%

#### Small appliances

The following table sets forth certain information relating to our key products in this vertical for the period indicated:

S. No.	Product	Year of launch	Select product picture	Revenue from operations (₹ in million)			
				Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
1.	Mixer grinder	2012		680.66	626.83	836.58	507.90
2.	Bar blender	2015		89.85	81.92	133.90	108.52
3.	Hair dryer	2015		182.43	146.29	135.31	112.89
4.	Hair straightener	2015		327.52	272.29	163.26	173.07
5.	Iron	2011		990.57	795.95	647.58	402.47
6.	Toaster	2015		24.75	15.72	17.08	12.80

The following table sets forth the break-up of contribution of revenue earned from key customers in this vertical for the period indicated:

S. No.	Name of key customer	Percentage of revenue generated from small appliances	
		Fiscal 2021	Six-month period ended September 30, 2021
1.	Philips India Limited	76.64%	86.47%
2.	Usha International Limited	12.65%	3.13%
3.	BSH Household Appliances Manufacturing Private Limited	4.70%	7.78%

### Fractional horsepower motors

We commenced manufacturing of fractional horsepower motors in 1977. We have capabilities of manufacturing both universal and induction motors. Universal motors are generally used high rpm (rotations per minute) applications such as mixer grinders, vacuum cleaner, bar blender etc. Induction motors are generally used for lower rpm applications such as fans and air conditioner.

In Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, we earned ₹ 1,020.96 million, ₹ 1,190.51 million, ₹ 1,843.97 million and ₹ 1,157.84 million, respectively, revenue from manufacture and sale of fractional horsepower motors.

Select pictures of our fractional horsepower motors are as follows:



Universal motors

Chimney motor



Fresh air fan motor



Aircon motor



The following table sets forth the break-up of contribution of revenue earned from key customers in this vertical for the period indicated:

S. No.	Name of key customer	Percentage of revenue generated from fractional horsepower motors	
		Fiscal 2021	Six-month period ended September 30, 2021
1.	Havells India Limited	45.85%	47.34%
2.	Panasonic Appliance India Company Limited	11.61%	14.35%
3.	Group SEB India Private Limited	7.45%	7.63%
4.	Customer X (Masked name)	3.69%	8.32%

### Other EMS products

The following table sets forth certain information relating to our key products in this vertical for the period indicated:

S. No.	Product	Year of launch	Select product picture	Revenue from operations (₹ in million)			
				Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
1.	Terminal block	2015		114.08	140.45	101.09	36.45

S. No.	Product	Year of launch	Select product picture	Revenue from operations (₹ in million)			
				Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
2.	Stainless steel blade	2019		-	28.06	30.67	32.70
3.	Die casted product	2001		-	23.25	43.60	3.45
4.	Miscellaneous <sup>(1)</sup>	-	-	63.00	109.62	120.99	46.82

(1) Miscellaneous products include radio, junction boxes and UV-C disinfection system.

The following table sets forth the break-up of contribution of revenue earned from key customers in this vertical for the period indicated:

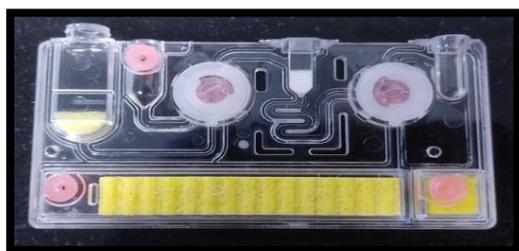
S. No.	Name of key customer, as applicable	Percentage of revenue generated from other EMS products	
		Fiscal 2021	Six-month period ended September 30, 2021
1.	Crompton Greaves Consumer Electricals Limited	16.84%	0.31%
2.	Customer A (masked name)	12.0%	22.67%
3.	Daikin Airconditioning India Private Limited	15.97%	17.58%
4.	Signify Innovations India Limited	9.12%	7.83%
5.	Customer B (masked name)	14.61%	2.89%

### Medical diagnostic cartridges

We commenced manufacturing of medical diagnostic cartridges in 2019. Currently, we are selling medical diagnostic cartridges to Molbio Diagnostics Private Limited. In Fiscals 2020 and 2021 and six-month period ended September 30, 2021, we earned ₹ 42.32 million, ₹ 420.95 million and ₹ 139.83 million, respectively, revenue from manufacture and sale of medical diagnostic cartridges.

We manufacture two types of medical diagnostics cartridges, namely, ultrasonic cartridge and laser cartridge. Medical diagnostics cartridge is a device which is part of Trueprep Auto RT-PCR kit which is used for extraction and purification of nucleic acids from clinical specimen. It can be used to determine approximately 26 diseases such as Tuberculosis and Zika virus. Cartridge is manufactured in clean room wherein we use one lakh particle/cubic meter for cleaning whereas the particle size is five microns. We use hyper filter which changes the entire air 35 times per hour. Primary raw material used to manufacture medical diagnostics cartridge is poly carbonate.

Select pictures of our medical diagnostic cartridges are as follows:



Ultrasonic cartridge



Laser cartridge

### Moulded and sheet metal parts and components

The following table sets forth certain information relating to our key products in this vertical for the period indicated:

S. No.	Product	Year of launch	Select product picture	Revenue from operations (₹ in million)			
				Fiscal 2019	Fiscal 2020	Fiscal 2021	Six-month period ended September 30, 2021
1.	Sheet metal	2014		374.50	362.98	253.04	179.74
2.	Injection moulded plastic parts	2014		555.21	453.09	718.66	480.02
3.	Dies tools and moulds	2014		107.49	87.74	72.57	59.42
4.	Other spare parts and products	2014		216.50	193.38	188.67	135.83

The following table sets forth the break-up of contribution of revenue earned from key customers in this vertical for the period indicated:

S. No.	Name of key customer, as applicable	Percentage of revenue generated from moulded and sheet metal parts and components	
		Fiscal 2021	Six-month period ended September 30, 2021
1.	IFB Industries Limited	29.50%	32.41%
2.	Denso Haryana Private Limited	25.49%	20.68%
3.	Customer 1 ( <i>Masked name</i> )	2.67%	7.20%
4.	Customer A ( <i>masked name</i> )	9.43%	2.45%

#### ORIGINAL DESIGN MANUFACTURING

Under the ODM model, in addition to manufacturing, we conceptualize and design the products which are then marketed to our customers' prospective customers under their brands. We have developed ODM capabilities with respect to lighting products and small appliances. Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021, respectively.

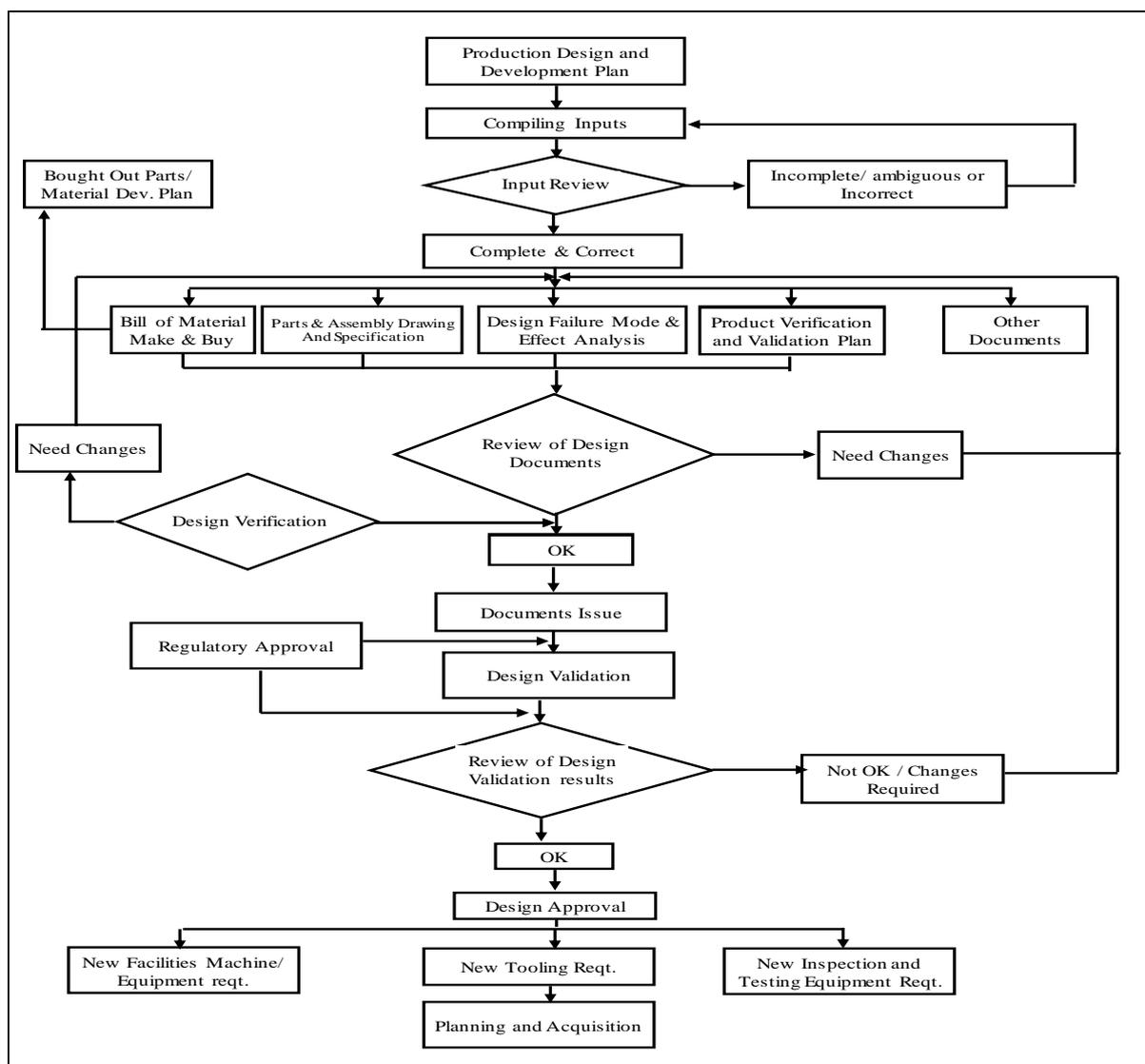
The following table sets forth the proportion of OEM and ODM to our revenue in these verticals during the period indicated:

Vertical	Revenue attributable to ODM/OEM as applicable (₹ in million)							
	Fiscal 2019		Fiscal 2020		Fiscal 2021		Six-month period ended September 30, 2021	
	OEM	ODM	OEM	ODM	OEM	ODM	OEM	ODM
LED lighting, fans and switches	2,842.51	318.90	2,340.10	587.15	2,047.12	510.70	1,239.78	191.68
Small appliances	2,006.31	291.78	1,638.86	300.14	1,473.48	460.23	1,132.53	185.12
<b>Total</b>	<b>4,848.82</b>	<b>610.68</b>	<b>3,978.96</b>	<b>888.09</b>	<b>3,520.60</b>	<b>970.93</b>	<b>2,372.31</b>	<b>376.80</b>

We have developed ODM capabilities with respect to lighting products and small appliances. Our primary ODM capabilities are as follows:

- *Lighting products:* We have ODM capabilities in baton lights, down lights, flashlights, wall lights and linear lights. ODM customers in this vertical include Signify and Eveready.
- *Small appliances:* We have ODM capabilities in irons and mixer grinders. ODM customers in this vertical include Philips, Panasonic, Usha and Faber.

Set out below are the key ODM activities involved in product development:



## RESEARCH AND DEVELOPMENT

We have a R&D centre in Ghaziabad (Uttar Pradesh) focusing on the research and development of engineering product designing, die and mould designing, electronic circuit designing and prototype designing. With our R&D centre, we are able to focus on all aspects of OEM and ODM including concept sketching, design refinement, generating optional features and testing. This enables us to address our consumers' diverse needs, introduce new and innovative products in the market, enhance existing products with emerging technologies, and optimize costs across our products through value analysis and value engineering. Our R&D centre is recognised by DSIR.

Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021. During Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, expenditure on research and product development including capital expenditure was ₹ 78.51 million, ₹ 65.70 million, ₹ 60.46 million and ₹ 28.61 million, respectively.

As of September 30, 2021, we have two product designers, two PCB designer, two press tool designer, three motor designers, four process designers, six tooling engineers and six mold designer among our total 136 employees working at our R&D centre. Further, we have outsourced industrial design concept to approved designers. Set out below are the further details of our R&D manpower as on September 30, 2021:

S. No.	Particulars	Manpower
1.	Degree engineers	11
2.	Diploma engineers	26
3.	Workers	18
4.	Industrial training institute degree	81
	<b>Total</b>	<b>136</b>

The R&D team has the capabilities to independently develop ODM designs and verify and develop OEM designs received from customers and convert such designs into deliverable products by improving the designs, recommending suitable raw materials and testing of trial products. The R&D team also aims to provide solutions through automation to improve manufacturing efficiency on the existing products, reduce production costs and also assists our customers by providing design and engineering support.

Set forth below are the details of our key R&D infrastructure:

Particulars	Equipment/ Infrastructure
Product designing	<ul style="list-style-type: none"> <li>- Experienced engineers and designers</li> <li>- Advanced 3d designing software: Unigraphics and Solidworks</li> <li>- 2d software: Auto CAD</li> <li>- PCB designing: Altium</li> </ul>
Tool designing	<ul style="list-style-type: none"> <li>- Press tool and Mould designers</li> <li>- Advanced 3d and 2d designing software: Unigraphics and Auto CAD</li> <li>- Plastic Flow simulation Software: Mouldflow</li> <li>- Press tool designing module: Press Wizard</li> <li>- Injection Mold designing module: Mould Wizard</li> </ul>
Primary testing equipment	<ul style="list-style-type: none"> <li>- Environmental chamber 95% RH 45 degree</li> <li>- Low temperature chamber up to -20 degree</li> <li>- Dry heat test chamber +80 degree</li> <li>- Salt spray test chamber</li> <li>- Magtrol motor tester (Torque, speed and efficiency)</li> <li>- Variable voltage test setup</li> <li>- Photometry light flux/colour measurement setup</li> <li>- CRO/Surge tester, HV/IR tester, LCR</li> <li>- X-Ray</li> </ul>
Prototyping	<ul style="list-style-type: none"> <li>- Conventional machines such as Lathe, Grinder and Drilling</li> <li>- CNC machines for precise machining</li> </ul>
Tool making	<ul style="list-style-type: none"> <li>- Milling machines (MITR)</li> <li>- Turning Machines</li> <li>- Surface grinders</li> <li>- Drilling</li> <li>- CNC Milling</li> </ul>

Particulars	Equipment/ Infrastructure
	<ul style="list-style-type: none"> <li>- Horizontal Milling</li> <li>- Vertical Milling</li> <li>- Cylindrical Grinder</li> <li>- Power Hacksaw</li> <li>- CNC Wire Cut</li> <li>- EDM</li> <li>- Polishing M/c.</li> <li>- Precise Milling Station (DMG)</li> </ul>
Product testing	<ul style="list-style-type: none"> <li>- C.M.M.</li> <li>- Hardness Tester</li> <li>- Profile Projector</li> <li>- Height Gauge</li> <li>- Concentricity Gauge</li> <li>- MM &amp; Digital Vernier Calipers</li> <li>- Gauges</li> </ul>
Reliability testing (Product)	<ul style="list-style-type: none"> <li>- Environmental Chamber <ul style="list-style-type: none"> <li>- Humidity up to 95%</li> <li>- Temperature: -20°C to 100°C</li> </ul> </li> <li>- Oven (Ranging from room temperature to 200°C)</li> </ul>

## BACKWARD INTEGRATION

In line with our focus to provide end-to-end product solutions and to develop better control on our supply chain and improve our margins, we have backward integrated our major manufacturing processes. We have developed in-house capabilities in die and mold manufacturing, simultaneous multithread setting, injection molding automated motor assembly, testing labs and surface coating. Our tool room has sophisticated machinery to produce quality tools and dies which in turn supports quality components and sub-assemblies. We have equipped our facilities to improve our cost efficiency, reduce dependency on third party suppliers and provide better control on production time and quality of critical components used in the manufacturing of products.

Our capabilities which enable us to provide end-to-end solutions are:

- *In-house manufacturing of components and sub-assemblies:* We have set up in-house manufacturing for die and mold, sheet metal components, plastic molded components, aluminium die casting and surface coating. Our backward integrated in-house manufacturing supports all our product verticals.
- *State-of-art manufacturing facilities:* We have modern and state of the art manufacturing facilities equipped with high quality machinery, assembly lines and full power backup for 100% capacity. Our tool room has sophisticated machinery which produces best in class tools and dies which in turn supports best quality components and sub-assemblies. As on September 30, 2021, our large scale setup included over 149 molding machines and over 105 power presses which enables us bringing efficiencies and economies of scale.
- *PCB assembly:* In house PCB assembly on surface mount technology (SMT) is a critical part of our manufacturing process and prowess. We have four such fully automatic assembly lines with 240,000 CPH capacity per hour.

We plan to purchase various equipment and machinery to further enhance our moulding capacity, tool room capacity, automation of moulding machines and motor assembly process, sheet metal production capacity, among others. As a result, this will further enhance our backward integration. For details, also see “*Objects of the Offer*” on page 92.

## RAW MATERIALS SOURCING

We source our raw materials from both domestic and international markets. Whether domestic or import based, our raw material suppliers are assigned by our customers or independently sourced by us. For independently sourced suppliers, we conduct a supplier audit to assess worthiness of supplier in terms of adherence to timelines/schedules and quality. For customer assigned suppliers, the audit is conducted by our customer. We typically obtain minimum of two quotations from suppliers. Purchase of raw material is independently made by our respective factories with head office being an enabler for financial matters.

We typically purchase raw material on purchase order basis. We typically pass-on fluctuation in price of raw material to our customers on a monthly or quarterly basis. We typically keep 30 days’ stock of raw material.

## **DISTRIBUTION AND LOGISTICS**

Once the products are finished, we package our products to the customers as per their specifications. Most of our orders are on ex-works basis and transportation of products from our facilities is customer responsibility.

## **BUSINESS DEVELOPMENT**

We have dedicated sales and marketing teams based out of each manufacturing facility. As of September 30, 2021, our sales and marketing teams comprised 14 members. Our teams approach new customers to showcase our capabilities to bring in new business, and accordingly, our existing customers often approach us to get additional/new products manufactured.

We follow stringent process in customer acquisition and retention for both new and existing products. For example, the process includes submission of product concept to potential customers and approval thereof, submission of functional and aesthetic prototype for customers' testing and market feasibility, development of product where tools and dies are developed as per customer specification, submission of final product to customers' quality department for quality check and reliability clearance, preparation of production plans along with customers, conduct of various audits by customers such as financial, quality, engineering and sustainability. This process may take upto 49 weeks till engineering build, depending on the customer and product.

We have incurred negligible advertisement and sales promotion expenses when compared to our revenue from operations in last three Fiscals, due to strong and longstanding relationship with our customers, our ability to cross-sell our products to existing customers.

## **QUALITY CONTROL**

We place strong emphasis on product and process quality control. We have established strict quality control systems, which are designed to ensure product design, production efficiency and high output at our manufacturing facilities. For customers having their own specifications, we also carry out customer designated tests. Quality checks are undertaken for raw material and components and at packaging. Outgoing quality control is conducted prior to dispatch of products.

All of our manufacturing facilities have been accredited with management system certificates for compliance with ISO 9001:2015 and ISO 14001:2015. Our manufacturing facility in Ghaziabad (Uttar Pradesh) is also accredited with IATF 16949:2016, valid till 2024. We also have ISO 14001:2004 certification for 'Environment Management System Standard' and TS: 16949: 2016 quality certifications for automotive parts manufacture of injection moulded and sheet metal components and their sub-assemblies.

## **HEALTH, SAFETY AND ENVIRONMENT**

Our activities are subject to the environmental laws and regulations of India. For information regarding applicable health, safety and environmental laws and regulations, see "*Key Regulations and Policies in India*" on page 188.

At our manufacturing facilities, we make efforts to use natural light and air flow and to conserve energy, we continue to replace conventional tube light in to LED lights and replace conventional diesel burner into PNG and LPG burners for our facilities located at Baddi (Himachal Pradesh) and Ghaziabad (Uttar Pradesh).

## **INFORMATION TECHNOLOGY**

We have implemented a company-wide ERP system to manage and integrate our core business processes. This system enables us in making and managing, among others, MIS reports, purchase orders, production entries, dispatch of products, production planning, costing, tool room production entries, vendor price update, main store entries, quality, human resources entries, item code creation and vendor code creation. Considering the prevailing security threats to data and information security, we have adopted defined access control measures for our employees and visitors in relation to our systems and server rooms, which are reviewed on periodic basis.

We also have a defined IT disaster recovery plan in order to recover from disasters such as cyber attack and data hacking, natural disasters, ERP data loss, failure of software, fire in server room, loss of customer data and disruption in LAN services. We conduct mock drills on such disasters on periodic basis. Further, in order to protect confidential data such as financial performance, data relating to customers and vendors and production information data, we have also adopted a cyber security policy defining the processes to be followed by our employees, contractors and anyone who has permanent or temporary access to our systems and hardware.

We have a dedicated IT team responsible for our IT systems and we conduct threat awareness program at our premises on periodic basis.

## COMPETITION

We operate in a competitive industry, with participants in the organized and the unorganized sector. Many segments within the electronic manufacturing space have low barriers to entry or exit, leading to a market with a very high degree of fragmentation.

We believe that the principal competitive factors include service quality, reliability, price and the ability to understand evolving industry trends as well as the ability to anticipate, understand and address customer requirements. With over four decades of operating history in the EMS space and the quality of our products, our product development capability, our range of products and our customer retention capability, we believe that we are able to compete effectively with our competitors.

We continue to compete with international and domestic manufacturers engaged in the manufacture and supply of lighting products, small appliances and fractional horsepower motors as well as from players in the unorganized sector. Set forth below are our key competitors in each of our product verticals: (*Source: F&S Report*)

- *Small appliances:* Smile Electronics, PG Electroplast and Indic.
- *Fractional horsepower motors:* Marathon and Amber (PICL).
- *LED lighting and flashlights:* Dixon and RK Lighting.
- *Fans:* Yash Electronics, Tiberwala and KKG Industries.
- *Sheet metal:* JBM Auto, Panse Auto, Autoline Stamping, SM Auto and Delco Industries.
- *Plastic moulding:* Varroc Engineering, Plastic Opium, Motherson Sumi, Magna Styr, Prakash Plastics, Affy India, SSI Moulds, BDI Group, Multitek and Ashuman Auto.

## HUMAN RESOURCES

As on September 30, 2021, we had 2,886 permanent employees and also employed around 2,059 contract labour at our manufacturing facilities. The following table sets forth break-up as of September 30, 2021:

S. No.	Department	Manpower
1.	Sales and marketing	14
2.	Purchases	34
3.	Operations and works	4,226
4.	R&D	136
5.	HR	20
6.	Quality control	224
7.	Others	232
8.	Finance	59
<b>Total</b>		<b>4,945</b>

For details of our R&D manpower as on September 30, 2021, see “- *Research and Development*” above.

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner.

## INTELLECTUAL PROPERTY

As on date of this Draft Red Herring Prospectus, our Company has obtained a copyright for its artistic work and 8 trademark registrations under the Trademarks Act, 1999. We have registered the “Elin” trademark under various classes with the Registrar of Trademarks in India under the Trademarks Act, 1999. The other registered trademark we have is “Asian”.

## INSURANCE AND WARRANTIES

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We maintain ongoing insurance policies in order to manage the risk of losses from potentially harmful events, including: (i)

fire and perils policies covering, among other, building superstructure, plinth and foundation; plant, machinery and accessories; furniture, fittings, fixtures and other contents; stocks and stocks in process; and (ii) broad form liability insurance.

We also provide warranty in relation to defect in design, materials and/or workmanship for the products manufactured as per customers specifications on case-to-case basis.

## PROPERTIES

Our Registered Office is located at 143, Cotton Street, Kolkata – 700 007, West Bengal, India, and is situated on leasehold premises. Further, our Corporate Office is located at 4771, Bharat Ram Road, 23, Daryaganj, New Delhi – 110 002, and is situated on freehold premises.

Out of the three manufacturing facilities, Elin Appliances Private Limited, our subsidiary, owns the land on which our manufacturing facility at Baddi, Himachal Pradesh is located. We have also been allotted land measuring approximately 16,200 square meters and 3,600 square meters on 99 years and 90 years leases in Bhiwadi and Noida, respectively. As on the date of this Draft Red Herring Prospectus, these allotments of land in Bhiwadi and Noida are yet to be registered as leases.

Details of the land on which our manufacturing facilities are located are set forth in the table below.

Manufacturing facility	Address	Freehold/ leasehold	Expiry date for lease / license
Ghaziabad (Uttar Pradesh)	Plot No. C 142, 143, 144, 144/1, 144/2, Industrial Area, Site No.1, Bullandshahar Road, Ghaziabad, Uttar Pradesh – 201 009	Leasehold	Four leasehold agreements with expiry ranging from until the year 2059 to the year 2070.
Verna (Goa)	L 84, Verna Industrial Area, Electronics City, Verna, Goa – 403 722	Leasehold	Leasehold agreement with expiry until the year 2090.
Baddi (Himachal Pradesh)	(i) Khasra Nos.442/12-11, 440/1/0-14, 448/1/1-13, 444/1/5-0; and (ii) Khasra Nos.456(1-17), 457(2-10), 458(0-11), 459(1-4) 461(1-9), 463(0-6), in village Belikhoh, Post Manpura, Tehsil Nalagarh, District Solan, Himachal Pradesh – 174 101	Freehold	N.A.

We have two warehouses which are located on leasehold properties in Ghaziabad (Uttar Pradesh) and Goa.

## CORPORATE SOCIAL RESPONSIBILITY

We have constituted a Corporate and Social Responsibility Committee of our Board of and have adopted and implemented a CSR policy, pursuant to which we carry out various CSR activities. CSR activities undertaken by us include, among others, promotion of healthcare, construction of water-tanks for schools, renovation of school building and village ponds and toilets, and plantation at heritage park. We seek to integrate social, environmental and ethical responsibilities into the governance of businesses which ensures the long-term success, competitiveness and sustainability.

## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain key statutes, rules, regulations, notifications, memorandums, circulars and policies which are applicable to our Company and the business undertaken by our Company.*

*The information detailed in this chapter, is based on the current provisions of key statutes, rules, regulations, notifications, memorandums, circulars and policies, as amended, and are subject to future amendments, changes and/or modifications. The information detailed in this chapter has been obtained from sources available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute professional legal advice. The statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*Taxation statutes such as the Income Tax Act, 1961, the Customs Act 1962, the relevant goods and services tax legislation and applicable shops and establishments' statutes apply to us as it does to any other company. For details of government approvals obtained by our Company, see "Government and Other Approvals" on page 320.*

### **Industry specific laws**

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

The Bureau of Indian Standards Act, 2016 provides for the establishment of bureau for the standardisation, marking and quality certification of goods. Functions of the bureau 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 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. A person may apply to the bureau for grant of license or certificate of conformity, if the articles, goods, process, system or service conforms to an Indian Standard.

#### ***The Legal Metrology Act, 2009 ("Legal Metrology Act")***

The Legal Metrology Act, along with the relevant rules, establishes and enforces standards of weights and measures, regulates trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or numbers. Any transaction relating to goods or a class of goods shall be as per the weight, measurements or numbers prescribed by the Legal Metrology Act. The Central Government is empowered to appoint a director to exercise the powers and to discharge duties. The Legal Metrology Act prohibits the manufacture, packing, selling, importing, distributing, delivering, offer for sale of any pre-packaged commodity if such does not adhere to the standard regulations set out.

#### ***The Legal Metrology (Packaged Commodities) Rules, 2011, with amendments up to June 2017 ("Legal Metrology Rules")***

The Legal Metrology Rules are ancillary to the Legal Metrology Act, and set out to define various manufacturing and packing terminology. It lays out specific prohibitions where manufacturing, packing, selling, importing, distributing, delivering, offering for sale would be illegal and requires that any form of advertisement where the retail sale price is given must contain a net quantity declaration. Circumstances which are punishable are also laid out.

#### ***The National Policy on Electronics, 2019 ("NPE")***

The NPE is issued by, Ministry of Electronics and Information Technology, Government of India. The Policy envisions positioning India as a global hub for Electronics System Design and Manufacturing - (ESDM) by encouraging and driving capabilities in the country for developing core components, including chipsets, and creating an enabling environment for the industry to compete globally.

### **Foreign Exchange Laws**

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (the "FEMA"). Pursuant to FEMA, the GoI and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of foreign exchange control.

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

In India, the main legislation concerning foreign trade is FTA. The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto.

As per the provisions of the Act, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; and (iii) is authorized to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette.

FTA read with the Indian Foreign Trade Policy 2015 – 2020 (extended up to September 30, 2021) provides that no export or import can be made by a company without an Importer-Exporter Code “IEC” Number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint 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. Failure to obtain the IEC number shall attract penalty under the FTA.

## **Environmental laws**

### ***The Environment (Protection) Act, 1986 (“EPA”) read with The Environment (Protection) Rules, 1986***

The EPA has been enacted for the protection and improvement of the environment. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emit any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take all measures necessary to protect and improve the environment such as laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and generally to curb environmental pollution.

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

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the relevant state pollution control boards. Under the Water Act, any individual, industry or institution discharging industrial or domestic waste into water must obtain the consent of the relevant state pollution control board, which is empowered to establish standards and conditions that are required to be complied with.

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

Under the Air Act, the relevant state pollution control board may inspect any industrial plant or manufacturing process and give orders, as it may deem fit, for the prevention, control and abatement of air pollution. Further, industrial plants and manufacturing processes are required to adhere to the standards for emission of air pollutants laid down by the relevant state pollution control board, in consultation with the Central Pollution Control Board. The relevant state pollution control board is also empowered to declare air pollution control areas. Additionally, consent of the state pollution control board is required prior to establishing and operating an industrial plant. The consent by the state pollution control board may contain provisions regarding installation of pollution control equipment and the quantity of emissions permitted at the industrial plant.

### ***The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (“Hazardous Wastes Rules”)***

The Hazardous Wastes Rules set out the regulations for management and disposal of environmental waste. It mandates that every facility generating hazardous waste must obtain prior approval from the relevant state pollution control board. Particular attention must be paid to the recycling the hazardous waste. In the case of improper handling and disposal, every occupier transporter and the operator of a facility generating hazardous waste are liable for environmental damage and penalties thereunder.

### ***The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (“Hazardous Chemical Rules”)***

Pursuant to the Environment Protection Act, the Central Government is empowered to make rules pertaining to any industry which deals with any hazardous chemical, including flammable gases and liquids. An elaborate list of chemicals,

and the quantity limits is provided under the Schedules of the rules. The Hazardous Chemical Rules also deal with the procedure to be followed in the case a major accident occurs, including whom to notify and how. Further, a full safety report on the concerned activity must be submitted with the information specified to the concerned authority, within the time limit.

### ***The Public Liability Insurance Act, 1991 (“Public Liability Act”)***

The Public Liability Act, along with the Public Liability Insurance Rules, 1991, require the owner to contribute towards the environment relief fund of a sum equal to the insurance premium paid to the insurer. Further, a liability is imposed on the owner or controller of hazardous substances, in relation to death/injury of a person, or any damage to property arising out of an accident involving such hazardous substances. Vide notification, the Central Government has enumerated a list of hazardous substances covered by the legislation

### ***Plastic Waste Management Rules, 2016***

The Ministry of Environment, Forest and Climate Change published the Plastic Waste Management Rules, 2016 with the aim of facilitating collection and recycling of plastic waste. It delegates responsibility to the waste generators for waste segregation and disposal. Plastic Waste Management (Amendment) Rules, 2018 prescribed a central registration system for the registration of the producer/importer/brand owner. Recently, the government has proposed draft Plastic Waste Management Rules, 2021 which aims to ban the manufacture, import, stocking, distribution, sale and use of specific single use plastic from January 1, 2022. The draft has also extended the applicability of rules to brand owner, plastic waste processor, including the recycler and co-processor etc.

## **Labour laws**

In order to rationalize and reform labour laws in India, the Government has enacted four labour codes that would subsume primarily all of the central labour laws and would collectively form the governing labour legislations, as and when brought into effect. These four codes are:

- (a) **Code on Wages, 2019**, which regulates and amalgamates wage and bonus payments and subsumes four existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Professional Tax Act, 1975 and the Equal Remuneration Act, 1976. It regulates, *inter alia*, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.
- (b) **Industrial Relations Code, 2020**, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes and simplifies the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.
- (c) **Code on Social Security, 2020**, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, *inter alia* including the Employee’s State Insurance Act, 1948, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee’s Provident Fund and the Employee’s State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.
- (d) **The Occupational Safety, Health and Working Conditions Code, 2020**, consolidates and amends the laws regulating the occupational safety and health and working conditions of the persons employed in an establishment. It replaces 13 old central labour laws including the Contract Labour (Regulation and Abolition) Act, 1970 and received the presidential assent on 28 September 2020.

These codes shall become effective on the day that the Government shall notify for this purpose.

## **Intellectual Property Laws**

### ***The Trade Marks Act, 1999 (“Trademarks Act”)***

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

### ***The Patents Act, 1970 (“Patents Act”)***

The Patents Act provides for the application and registration of new inventions of products or processes for granting exclusive rights to the holder of such a patent and obtaining relief in case of infringement. Under the Patents Act, the registration is granted for a fixed period and after the expiry of the term of the patent, it becomes available in the public domain for use without having to pay any fee / royalty to the inventor of the product or process.

### ***Designs Act, 2000 (“Designs Act”)***

Industrial designs have been accorded protection under the Designs Act. A ‘Design’ means only the features of shape, configuration, pattern, ornament or composition of lines or colour applied to any article whether two dimensional or three dimensional or in both forms, by any 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, but does not include any mode or principle or construction or anything which is in substance a mere mechanical device, and expressly excludes works accorded other kinds of protection like property marks, Trademarks and Copyrights. Any person claiming to be the proprietor of a new or original design may apply for registration of the same under the Act before the Controller-General of Patents, Designs and Trade Marks. On registration, the proprietor of the design attains a copyright over the same. The duration of the registration of a design in India is initially ten years from the date of registration, but in cases where claim to priority has been allowed the duration is ten years from the priority date. No person may sell, apply for the purpose of sale or import for the purpose of sale any registered design, or fraudulent or obvious imitation thereof.

### **Taxation related Laws**

The Goods and Services Tax (“GST”) is levied on supply of goods or services or both jointly by the Central Government and State Governments. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. The GST is enforced through various acts viz. Central Goods and Services Act, 2017 (“CGST”), relevant state’s Goods and Services Act, 2017 (“SGST”), Union Territory Goods and Services Act, 2017 (“UTGST”), Integrated Goods and Services Act, 2017 (“IGST”), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder.

Further, the Income-tax Act, 1961 (the “Income Tax Act”) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of the Income Tax Act or rules made there under depending upon its “Residential Status” and “Type of Income” involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated on March 26, 1982 at Kolkata, West Bengal as a private limited company under the Companies Act, 1956, with the name 'Elin Electronics Private Limited' pursuant to a certificate of incorporation granted by the RoC. Subsequently, the name of our Company was changed to 'Elin Electronics Limited' upon conversion of our Company into a public company pursuant to a special resolution passed by our shareholders on July 27, 1987 and the certificate of incorporation was amended by the RoC consequent upon change of name on conversion to a public limited company on November 22, 1987.

### Changes in our Registered Office

There has been no change in the registered office of our Company since incorporation.

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

- 1. To carry on the business of manufacturing of and dealers in all types of tape deck mechanism, D.C. micro motors, tape deck cabinets, all types of gang condensers, radio and transistor switches, electronic and electrical instruments and components.*
- 2. To carry on the business of manufacture and/or deal in all types of tapes, magnetic and otherwise, tape recorder, television, broadcast, relay and reception equipments, phonographs and other equipments used in and/or, for audio and visual communication, apparatus and equipment including those using electro-magnetic waves for radio-telegraphic or radio-telephonic communication, photocopies, electronic, lighting, controls, continuous fan, motor, speed controls, continuous flashers and fire alarm systems, digital and other electronic clocks, time relays, electro-mechanical pneumatic controls, automatic calculators, x-ray machine, surgical, medical and other appliances intended to electro and other therapy treatment.*
- 3. To promote industrial projects, industrial ventures, enterprises to survey, investigate, assess, examine, ascertain, technical, commercial and financial feasibility of and undertake, manufacturing and marketing of any plants, machineries, components, tools, implements, accessories, articles, goods and things of household, consumer, industrial or commercial use.*
- 4. To carry on the business of manufacturers, processors, producers, makers, importers, exporters, buyers, sellers, stockists, agents, merchants, distributors, dealers in all types of electronic goods, electric goods, components, instruments and other allied items.*
- 5. Subject to the provisions of the Act and directions issued by R.B.I, to receive money, deposits on interest or otherwise and to lend money, negotiate loans with or without security to such companies, firms or persons, and on such terms as may seem expedient and to guarantee the performance of contracts by any person, companies or firms provided the company shall not carry on the business of Banking."*

The main objects as contained in the Memorandum of Association 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 the section entitled "*Objects of the Offer*" on page 92.

### Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the 10 years preceding the date of this Draft Red Herring Prospectus.

<b>Date of Shareholders' Resolution</b>	<b>Particulars</b>
September 30, 2021	Clause V of the MoA was amended to reflect the change in the authorized share capital of the Company from ₹ 102,500,000 divided into 10,250,000 equity shares of ₹ 10 each to ₹ 500,000,000 divided into 100,000,000 Equity Shares of ₹5 each.
April 26, 2019	Clause V of the MoA was amended pursuant to the Scheme of Amalgamation to reflect the increase in the authorized share capital of the Company from ₹ 75,000,000 divided into 7,500,000 equity shares of ₹ 10 each to ₹ 102,500,000 divided into 10,250,000 equity shares of ₹ 10 each.

### Major events and milestones of our Company

The table below sets forth the major events and milestones in the history of our Company:

<b>Year</b>	<b>Particulars</b>
1969	Establishment of 'Electronic Industries of India'
1996	Established plants in Goa for manufacturing appliances for Philips
2001	Diversified into various categories of motors and started manufacturing luminaires for Philips
2004	Inaugurated a plant in Baddi for manufacturing appliances
2007	Manufactured flashlights for Eveready
2019	Commenced production of fans
2019	Commenced production of medical diagnostic cartridges

### Key Awards, Accreditations and Recognition

Our Company has received the following key awards, accreditation, and recognition:

<b>Year</b>	<b>Particulars</b>
<i>Elin Electronics Limited</i>	
2014	2013 Regional Cooperation Award by Denso Corporation
2014	Bronze Supplier Award by IFB Appliances
2014	Certificate of Appreciation presented by Denso Haryana Private Limited in the category of "Regional Best Supplier"
2016	Certificate of Appreciation by IFB Appliances in recognition of our Company's Unflinching Support"
2016	ELCINA-EFYGROUP award for Excellence in Electronics
2018	Customer First Award presented by Philips at the Philips Lightning Supplier Event India
2018	Best Supplier Quality Award - Certificate of Appreciation, presented by Daikin Airconditioning India Private Limited, in recognition of outstanding efforts to achieve "Quality Target for FY 2017"
<i>Elin Appliances Private Limited</i>	
2015	Sarvshreshtha Suraksha Puraskar by the National Safety Council of India
2016	Sarvshreshtha Suraksha Puraskar by the National Safety Council of India
2016	India SME 100 Awards by India SME Forum scoring in the top 100 amongst 49023 nominations in the overall evaluation of financial and non-financial parameters.
2016	Winner of ELCINA-EFY "1st Prize" Environment Management Excellence Award
2017	2nd Prize of Himachal Pradesh Environment Leadership Award
2017	Certificate of Gold (Second Prize) in Medium Size Category in Manufacturing Sector by the FICCI
2017	Silver Rating awarded by Ministry of Micro, Small and Medium Enterprises and Quality Council of India under Financial Support to MSMEs in ZED certification Scheme
2018	"Runner up" certificate awarded for CSR activities at the 6 <sup>th</sup> SMEs Excellence Award by ASSOCHAM
2018	Sarvshreshtha Suraksha Puraskar by the National Safety Council of India
2019	Winner "India SME 100 Awards" by India SME Forum scoring in the top 100 amongst 34011 nominations.
2019	Certificate of Appreciation by FICCI at FICCI Safety Systems Excellence Awards
2020	Silver Trophy in 'Recognition of Outstanding Contribution and Certificate of Merit in CSR Activities awarded at the 7th MSMEs National Excellence Awards

### Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years

Other than the Scheme of Amalgamation, our Company has not acquired any business/ undertakings, and has not undertaken any mergers, amalgamations or any revaluation of assets, in the last ten years. For details on the Scheme of

Amalgamation, see “*History and Certain Corporate Matters - Scheme of Amalgamation*” on page 194.

### **Inter-se Agreements between Shareholders**

As on the date of Draft Red Herring Prospectus, our Company, Promoters and Shareholders do not have any inter-se agreements/ arrangements and clauses / covenants which are material in nature and that there are no other clauses / covenants which are adverse / pre-judicial to the interest of the minority / public shareholders. Also, that there are no other agreements, deed of assignments, acquisition agreements, SHA, inter-se agreements, agreements of like nature other than disclosed in the DRHP.

### **Guarantees given to third parties by our Promoters offering its Equity Shares**

As of the date of this Draft Red Herring Prospectus, except for the personal guarantees executed by Kamal Sethia, Kishore Sethia, Vinay Kumar Sethia and Sanjeev Sethia, has issued the following guarantees to Banks for the facilities sanctioned to Company.

<b>Sr. No.</b>	<b>Lender</b>	<b>Type of facility</b>	<b>Amount (in Million)</b>
1.	State Bank of India	Fund based limits (Cash credit)	350.00
2.	State Bank of India	Non-fund based limits (Bank guarantee)	10.00
3.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (Overdraft)	100.00
4.	HDFC Bank Limited	Fund based limits (Cash credit)	200.00
5.	HDFC Bank Limited	Non-fund-based limits (Letter of credit and bank guarantee)	100.00
6.	Citi Bank NA	Fund based limits (Cash credit)	100.00
7.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (Term loan)	150.00
8.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (Term loan)	75.00
9.	Hong Kong and Shanghai Banking Corporation Limited	Fund based limits (Term loan)	220.00
10.	HDFC Bank Limited	Fund based limits (Term loan)	150.00
11.	Citi Bank NA	Fund based limits (Term loan)	225.00

The abovementioned guarantees are typically effective for a period till the underlying loan is repaid by the respective borrower. The financial implications in case of default by the relevant borrower would entitle the lenders to invoke the personal guarantee given by respective guarantors to the extent of outstanding loan amount.

### **Time and cost over-runs in setting up projects by our Company**

There have been no time and cost over-runs in relation to any projects.

### **Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks**

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks.

### **Lock-out and strikes**

As on the date of this Draft Red Herring Prospectus, there have been no lockouts or strikes at any time in our Company.

### **Significant financial and strategic partners**

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

### **Scheme of Amalgamation**

Pursuant to the Scheme of Amalgamation under sections 230 to 232 and other relevant provisions of the Companies Act, 2013, Asian Magnetic Devices Private Limited and Rosebud Holding Private Limited (“**Transferor Companies**”), were proposed to be amalgamated with and into our Company (“**Transferee Company**”). The Scheme of Amalgamation became operational with effect from the appointed date, i.e., April 1, 2018 (“**Appointed Date**”) pursuant to approval of the Scheme by the NCLT, Kolkata vide its order dated September 26, 2019 and registration of the same with the RoC on November 2, 2019 (“**Effective Date**”). The rationale of the Scheme was amongst others, (i) integrating the fields of activities of the companies and improving the overall business efficiency since the Transferor Companies and Transferee Company belong to a common group, have common management and shareholders and their registered office are situated at a common address (ii) ensuring economies of scale by reducing overheads and other expenses, administrative and procedural work, eliminating duplication of work, (iii) enabling the companies concerned to rationalize and streamline their management, business and finances and paving the way for better, more productive and economical control of the running of the operations, and (iv) contributing in furthering and fulfilling the objects of the companies concerned and in the growth, expansion and development of their businesses.

The entire business functions of the Transferor Companies, including all their properties, rights, powers, title, interests, debts, liabilities, duties, obligations, licenses, litigations and employees was transferred to and vested in our Company as on the Appointed Date. Further, immediately after the Effective Date, our Company was required to issue and allot Equity Shares in the following manner: (a) five equity shares, of ₹ 10 each credited as fully paid up, to the shareholders of Asian Magnetic Devices Private Limited, for every one fully paid up equity shares held by them; and (b) one equity shares of ₹ 10 each credited as fully paid up, to the shareholders of Rosebud Holding Private Limited, for every four fully paid up equity shares held by them. Our Company made these allotments on January 22, 2020.

The Transferor Companies, from the Effective Date, have carried and have been deemed to carry on their business and operations, have been possessed of and hold and stand possessed of all their assets and properties for and on account of and in trust for our Company.

#### **Details of shareholders’ agreements**

As on the date of this Draft Red Herring Prospectus our Company does not have any subsisting shareholders’ agreements among our Shareholders *vis-a-vis* our Company.

#### **Other Agreements**

Our Company has not entered into any subsisting material agreements, other than in the ordinary course of business. For details on business agreements of our Company, see “*Our Business*” on page 164.

#### **Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants**

For information on key products or services launched by our Company, or entry into new geographies see the section entitled “*Our Business*” on page 164.

#### ***Agreements with Key Managerial Personnel, Director, or any other employee***

There are no agreements entered into by a Key Managerial Personnel or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

#### **Holding Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

#### **Associate Companies**

As on the date of this Draft Red Herring Prospectus, our Company does not have any associate companies.

#### **Joint Ventures**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures.

#### **Our Subsidiary**

As of the date of this Draft Red Herring Prospectus, our Company has one Subsidiary.

## ***Elin Appliances Private Limited (“EAPL”)***

### *Corporate Information*

EAPL was incorporated on August 21, 2002 at Jalandhar as Connect Cables India Private Limited as a private limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of the Companies, Himachal Pradesh. A fresh certificate of incorporation was issued on November 27, 2002 when the name of the company was changed to ECI Cables Private Limited. Subsequent to the change of the name of company to Elin Appliances Private Limited, a fresh certificate of incorporation was issued on January 14, 2004. Its corporate identification number is U29300HP2002PTC025355. It has its registered office at Beli Khol, Manpurat, Nalagarh, District- Solan, Himachal Pradesh.

### *Nature of Business*

EAPL is authorised by its memorandum of association to manufacture, assemble, process, buy, sell, import, export and deal in electronic, electrical and engineering gadgets, components, appliances and apparatuses of every description like, toaster, iron, juicer, oven, dish washes, white goods and other home appliances.

### *Capital Structure*

The capital structure of EAPL is as follows:

The authorised share capital of EAPL is ₹ 2,000,000 divided into 200,000 equity shares of face value of ₹ 10 each and the issued, subscribed and paid up share capital of EAPL is ₹ 2,000,000 divided into 200,000 equity shares of face value of ₹ 10 each.

### *Shareholding pattern*

The shareholding pattern of EAPL is as follows:

<b>Name of the Shareholder</b>	<b>Number of shares</b>	<b>Percentage of total shareholding (%)</b>
Our Company	199,999	99.99
Kamal Sethia (nominee of our Company)	1	Negligible

### *Amount of accumulated profits or losses*

As of September 30, 2021, there are no accumulated profits or losses of EAPL, not accounted for, by our Company.

### **Interest in our Company**

Except as disclosed in the section “*Financial Statements – Note 42 – Related Party Disclosures*” and “*Capital Structure*” on pages 268 and 66, our Subsidiary does not have or propose to have any business interest in our Company.

### **Common Pursuits**

Our Subsidiary is engaged in lines of business that are similar to our Company. However, we do not perceive any conflict of interest with our Subsidiary as our Subsidiary is controlled by us. For details, see “*Our Business*” on page 164. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

## OUR MANAGEMENT

### Board of Directors

In terms of the Companies Act and 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 eight Directors including four Executive Director and four Independent Directors, one of whom is a woman Independent Director. The present composition of the Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the SEBI Listing Regulations

The following table sets forth details regarding our Board of Directors as of the date of this Draft Red Herring Prospectus:

Sl. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
1.	<p><b>Mangi Lall Sethia</b></p> <p><i>Designation:</i> Chairman and Wholetime Director</p> <p><i>Address:</i> House no. 4771, Bharat Ram Road, Near Hindi Park, 23, Daryaganj, New Delhi-110002</p> <p><i>Date of birth:</i> December 7, 1937</p> <p><i>Occupation:</i> Business</p> <p><i>Current Term:</i> Period of three years from October 1, 2021 to September 30, 2024</p> <p><i>Period of Directorship:</i> Since March 26, 1982</p> <p><i>DIN:</i> 00081367</p>	83	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Kanchan Commercial Co. Private Ltd.</li> <li>• Gaurav Resources Company Private Ltd</li> <li>• KLJ Plasticizers Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
2.	<p><b>Kamal Sethia</b></p> <p><i>Designation:</i> Managing Director</p> <p><i>Address:</i> House no. 4771, Bharat Ram Road, Near Hindi Park, 23, Daryaganj, New Delhi-110002</p> <p><i>Date of birth:</i> October 28, 1957</p> <p><i>Occupation:</i> Business</p> <p><i>Current Term:</i> Period of five years from April 1, 2021 to March 31, 2026*</p> <p><i>Period of Directorship:</i> Since August 6, 2007</p> <p><i>DIN:</i> 00081116</p>	64	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Kanchan Commercial Co. Private Ltd.</li> <li>• Gaurav Resources Company Private Ltd</li> <li>• Magtronic Devices Pvt Ltd</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
3.	<p><b>Sanjeev Sethia</b></p> <p><i>Designation:</i> Wholetime Director</p> <p><i>Address:</i> B-141, behind NMC Hospital, Sector 30, Noida, Gautam Buddha Nagar, Uttar Pradesh - 201303</p> <p><i>Date of birth:</i> April 22, 1969</p> <p><i>Occupation:</i> Business</p> <p><i>Current Term:</i> Period of five years from April 1, 2021 to March 31, 2026</p> <p><i>Period of Directorship:</i> Since September 1, 2008</p>	52	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Sanpre Designs Private Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>

Sl. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	<i>DIN:</i> 00354700		
4.	<p><b>Sumit Sethia</b></p> <p><i>Designation:</i> Wholetime Director</p> <p><i>Address:</i> Plot No 9, Sagar Co-Operative Housing Socitey, Dona Paula, North Goa - 403004</p> <p><i>Date of birth:</i> April 1, 1973</p> <p><i>Occupation:</i> Service</p> <p><i>Current Term:</i> Period of five years from June 3, 2020 to June 2, 2025</p> <p><i>Period of Directorship:</i> Since June 3, 2020</p> <p><i>DIN:</i> 00831799</p>	48	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Sethia Realty Private Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
5.	<p><b>Kamal Singh Baid</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> BQ-48, 2nd Floor, Shalimar Bagh, Delhi-110088</p> <p><i>Date of birth:</i> January 4, 1958</p> <p><i>Occupation:</i> Business</p> <p><i>Current Term:</i> Further period of five years from March 30, 2020 to March 29, 2025</p> <p><i>Period of Directorship:</i> Since March 30, 2015</p> <p><i>DIN:</i> 07149567</p>	63	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Elin Appliances Private Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
6.	<p><b>Shilpa Baid</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> House no W-151, Second Floor, Greater Kailash Part-2, South Delhi, Delhi 110048</p> <p><i>Date of birth:</i> August 6, 1972</p> <p><i>Occupation:</i> Amateur Designer (Home Furnishing)</p> <p><i>Current Term:</i> Period of five years from August 16, 2019 to August 15, 2024</p> <p><i>Period of Directorship:</i> Since August 16, 2019</p> <p><i>DIN:</i> 08538622</p>	49	<p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p>
7.	<p><b>Shanti Lal Sarnot</b></p> <p><i>Designation:</i> Independent Director**</p> <p><i>Address:</i> Near Mother's International School, B-66,2nd Floor, Sarvodaya Enclave, New Delhi- 110 017</p> <p><i>Date of birth:</i> November 21, 1948</p> <p><i>Occupation:</i> Retired</p>	72	<p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p>

Sl. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	<p><b>Current Term:</b> Period of five years from September 30, 2021 to September 29, 2026</p> <p><b>Period of Directorship:</b> Since September 30, 2021</p> <p><b>DIN:</b> 01899198</p>		
8.	<p><b>Ashis Chandra Guha</b></p> <p><b>Designation:</b> Independent Director***</p> <p><b>Address:</b> Flat D-1806, Prateek Wisteria, Plot No GH-001, Sector-77, Gautam Buddha Nagar, Noida-201301</p> <p><b>Date of birth:</b> November 9, 1957</p> <p><b>Occupation:</b> Retired</p> <p><b>Current Term:</b> Period of five years from October 8, 2021 to October 7, 2026</p> <p><b>Period of Directorship:</b> Since October 8, 2021</p> <p><b>DIN:</b> 09352987</p>	64	<p><b>Indian Companies</b></p> <p>Nil</p> <p><b>Foreign Companies</b></p> <p>Nil</p>

\* Redesignated as the Managing Director pursuant to the board resolution dated September 6, 2021, w.e.f. September 6, 2021.

\*\*Appointed as an additional director by our Board of Directors, pursuant to its resolution dated September 30, 2021, for a term of five years, i.e. from September 30, 2021, subject to the approval of our shareholders.

\*\*\* Appointed as an additional director by our Board of Directors, pursuant to its resolution dated September 30, 2021, for a term of five years, i.e. from October 8, 2021, subject to the approval of our shareholders.

#### Relationship between our Directors

Except Mangi Lall Sethia who is father of Kamal Sethia, none of our Directors are related to each other.

#### Brief Profiles of the Directors

**Mangi Lall Sethia**, is the Chairman & Wholtime Director of our Company. He is also a Promoter of our Company and has been associated since its incorporation. He holds a master's degree in arts from Jain Vishva Bharati Institute (Deemed University), Ladnun. He has 63 years of experience in electronic manufacturing services sector. He is currently associated with Kanchan Commercial Company Private Limited.

**Kamal Sethia**, is the Managing Director of our Company. He is also a Promoter of our Company and has been a part of our Company since 1992. He holds a bachelor's degree in commerce from University of Delhi. He has approximately 40 years of experience in electronic manufacturing services sector. He was previously associated with L.K.M Electronic Corporation as a partner since 1978 and the director of Kanchan Commerical Co. Private Limited since 1988.

**Sanjeev Sethia**, is the Wholtime Director of our Company. He is also a Promoter of our Company and has been a part of our Company since 1994. He holds a bachelor of science in electrical engineering from the University of Texas at Austin. He has approximately 26 years of experience in electronic manufacturing services sector.

**Sumit Sethia**, is the Wholtime Director of our Company. He is also a Promoter of our Company and has been a part of our Company since 1998. He holds a bachelor's degree in Commerce from University of Calcutta. He has approximately 23 years of experience in electronic manufacturing services sector.

**Kamal Singh Baid**, is an Independent Director on the Board of our Company. He holds a bachelor's degree in law from University of Delhi. He has several years of experience in electronic manufacturing services sector. He is also a partner in Durga Manufacturing Industries.

**Shilpa Baid**, is an Independent Director on the Board of our Company. She holds a bachelor's degree in Commerce from Tribhuvan University, Nepal. She was a President of Ladies Circle India from the year 2003 to 2013.

**Shanti Lal Sarnot**, is an Independent Director on the Board of our Company. He holds a master's degree in science from Indian Institute of Technology, Delhi. He was previously associated as Director General, Standardisation, Testing and

Quality Certification at Department of Electronics, Government of India and has experience in policy, fiscal and administrative matters.

**Ashis Chandra Guha**, is an Independent Director on the Board of our Company. He holds a bachelor's degree in mechanical engineering from Jadavpur University. He was previously associated with Signify (China) Investment Co., Ltd (formerly known as Philips Lighting (China) Investment Co., Ltd. He has several years of experience in planning and control in lighting industry.

#### **Details regarding directorships of our Directors in listed companies**

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded on any of the stock exchanges during the five years preceding the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.

None of our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

#### **Confirmations**

Our Directors are not interested as a member in any firm or company which has any interest in our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they are interested as a member by any person either to induce them to become, or to help them qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further, none of our Directors have been identified as Wilful Defaulters as defined under the SEBI ICDR Regulations.

None of our Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

#### **Terms of appointment of Executive Directors**

##### *(1) Remuneration to Executive Directors*

##### ***Mangi Lall Sethia***

Mangi Lall Sethia was appointed as our Chairman and Wholetime Director with effect from October 1, 2021 for a period of three years, pursuant to the resolution dated September 6, 2021 passed by the Board and Shareholders in the meeting held on September 30, 2021. The details of remuneration as set out below are effective from October 1, 2021 for a period of three years:

<b>Particulars</b>	<b>Remuneration</b>
Gross Salary	₹ 0.3 million per month
Perquisites	<ul style="list-style-type: none"> <li>• Furnished accommodation</li> <li>• Electricity &amp; water</li> <li>• Medical insurance for self and family</li> <li>• Medical reimbursement for self and family</li> <li>• Company car with driver for official duties as well as for personal use</li> <li>• Free telephone at residence and mobile phone</li> <li>• Club fees</li> <li>• Leave travel concession for self and family</li> <li>• Company contribution towards provident fund</li> <li>• Gratuity not exceeding half month's salary for each completed year of service</li> </ul>
Maximum Limit	Provided that the total remuneration by way of salary and perquisites shall not exceed ₹ 0.4 million per month excluding the contribution to provident fund as per Income tax Act and gratuity payable

##### ***Kamal Sethia***

Kamal Sethia was appointed as our Managing Director with effect from September 6, 2021 to March 31, 2024, pursuant to the resolution dated September 6, 2021 passed by the Board and Shareholders in their meeting held on September 30, 2021. The details of remuneration as set out below are effective from April 1, 2021 for a period of three years:

<b>Particulars</b>	<b>Remuneration</b>
Gross Salary	₹ 0.42 million per month
Perquisites	<ul style="list-style-type: none"> <li>• Furnished accommodation</li> <li>• Electricity &amp; Water</li> <li>• Medical insurance for self and family</li> <li>• Medical reimbursement for self and family</li> <li>• Company car with driver for official duties as well as for personal use</li> <li>• Free telephone at residence and mobile phone</li> <li>• Club fees</li> <li>• Leave travel concession for self and family</li> <li>• Company contribution towards provident fund, not exceeding 12% of the salary</li> <li>• Gratuity not exceeding half month's salary for each completed year of service</li> <li>• Company contribution towards national pension scheme not exceeding 10% of the salary</li> </ul>
Maximum Limit	Provided that the total remuneration by way of salary and perquisites shall not exceed ₹ 0.6 million per month excluding the contribution to provident fund as per Income tax Act and gratuity payable

### *Sanjeev Sethia*

Sanjeev Sethia was re-appointed as the Whole-time Director pursuant to the board resolution dated March 23, 2021 and Shareholders in their meeting held September 30, 2021. The details of remuneration as set out below are effective from April 1, 2021 for a period of three years:

<b>Particulars</b>	<b>Remuneration</b>
Gross Salary	₹ 0.45 million per month
Perquisites	<ul style="list-style-type: none"> <li>• Furnished accommodation</li> <li>• Electricity &amp; Water</li> <li>• Medical insurance for self and family</li> <li>• Medical reimbursement for self and family</li> <li>• Company car with driver for official duties as well as for personal use</li> <li>• Free telephone at residence and mobile phone</li> <li>• Club fees</li> <li>• Leave travel concession for self and family</li> <li>• Company contribution towards provident fund, not exceeding 12% of the salary</li> <li>• Gratuity not exceeding half month's salary for each completed year of service</li> <li>• Company contribution towards national pension scheme not exceeding 10% of the salary</li> </ul>
Maximum Limit	Provided that the total remuneration by way of salary and perquisites shall not exceed ₹ 0.6 million per month excluding the contribution to provident fund as per Income tax Act and gratuity payable

### *Sumit Sethia*

Sumit Sethia was appointed as the Whole-time Director pursuant to the board resolution dated June 3, 2020 and shareholders resolution dated November 18, 2020. The details of remuneration as approved by the Board in their meeting held on March 23, 2021 and the Shareholders in their meeting held on September 30, 2021. The details of remuneration as set out below are effective from April 1, 2021, for a period of three years:

<b>Particulars</b>	<b>Remuneration</b>
Gross Salary	₹ 0.45 million per month
Perquisites	<ul style="list-style-type: none"> <li>• Furnished accommodation</li> <li>• Electricity &amp; Water</li> <li>• Medical insurance</li> <li>• Medical reimbursement</li> <li>• Company car with driver for official duties as well as for personal use</li> <li>• Free telephone at residence and mobile phone</li> <li>• Club fees</li> <li>• Leave travel concession for self and family</li> <li>• Company contribution towards provident fund</li> <li>• Gratuity not exceeding half month's salary for each completed year of service</li> <li>• Company contribution towards national pension scheme</li> </ul>
Maximum Limit	Provided that the total remuneration by way of salary and perquisites shall not exceed ₹ 0.6 million per month excluding the contribution to provident fund as per Income tax Act and gratuity payable

## Payments or benefits to Directors

In Fiscal 2021, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period. The remuneration paid to our Directors in Fiscal 2021 is as follows

### (1) Executive Directors

The details of the remuneration paid to our Executive Directors during the Financial Year 2021 is as follows:

(₹ in million)

Name of Director	Remuneration for Financial Year 2021
Mangi Lall Sethia	3.04
Kamal Sethia	4.46
Sanjeev Sethia	4.30
Sumit Sethia	4.92

### (2) Non-Executive and Independent Directors

Pursuant to the Board resolution dated October 9, 2021, each Independent Director is entitled to receive sitting fees of ₹ 0.02 million per meeting for attending meetings of the Board and sitting fees of ₹ 0.01 million per meeting for attending meetings of committees of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder.

(₹ in million)

Name of Director	Remuneration for Financial Year 2021
Kamal Singh Baid	0.02
Shilpa Baid	0.02

Shanti Lal Sarnot and Ashis Chandra Guha our Company's Independent Directors were appointed on September 30, 2021 and October 8, 2021 respectively. Accordingly, they were not paid any sitting fees in Financial Year 2021.

## Remuneration paid by our Subsidiary

There is no remuneration paid or payable by our Subsidiary to our Directors during Fiscal 2021.

## Arrangement or understanding with major Shareholders, customers, suppliers or others

None of our Directors have any arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board or as a member of the senior management.

## Shareholding of Directors in our Company and our Subsidiary

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Other than as disclosed under "Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company" on page 84, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

## Interest of Directors

Our Non-Executive Director and Independent Directors may be deemed to be interested to the extent of the commission and sitting fees payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "– Payments or benefits to Directors" above.

Our Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent of benefits arising out of such shareholding and to the extent of the transactions entered into in the ordinary course of business with the companies in which our Directors hold directorship, or to the extent the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of any variable pay as per the terms of their appointment, as applicable, dividend payable to them and other distributions in respect of such Equity Shares.

No loans have been availed by our Directors from our Company or the Subsidiary.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

#### *Interest in property*

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

#### *Interest in the promotion and formation of our Company*

Other than Mangi Lall Sethia, Kamal Sethia, Sanjeev Sethia and Sumit Sethia who are interested in the promotion of our Company as disclosed in “*Our Promoters and Promoter Group*” on page 213, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business.

#### *Business interest*

Except as stated in “*Financial Statements – Note 42 – Related Party Disclosures*” on page 268, and to the extent set out above under “*– Interests of Directors*” on page 202, our Directors do not have any other interest in our business.

#### *Bonus or profit-sharing plan for the Directors*

None of the Directors is party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to each of the Directors.

#### *Service contracts with Directors*

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

### **Changes in the Board in the last three years**

<b>Name</b>	<b>Date of Appointment/Change/Cessation</b>	<b>Reason</b>
Sunita Baid	March 27, 2019	Resigned as the Independent Director
Shilpa Baid	August 16, 2019	Appointed as an Independent Director
Sumit Sethia	June 3, 2020	Appointed as a Wholetime Director
Kishor Sethia	September 6, 2021	Resigned as a Wholetime Director due to pre-occupation
Vinay Kumar Sethia	September 6, 2021	Resigned as a Wholetime Director due to pre-occupation
Kamal Sethia	September 6, 2021	Redesignated as the Managing Director
Shanti Lal Sarnot	September 30, 2021	Appointed as an Independent Director
Mangi Lall Sethia	October 1, 2021	Redesignated as the Chairman and Wholetime Director
Ashis Chandra Guha	October 8, 2021	Appointed as an Independent Director

### **Borrowing Powers of Board**

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our Shareholders at their AGM held on November 18, 2020, our Board has been authorized to borrow any sum or sums of money as and when required for the business of the Company from banks, financial institution and/or other persons, firms, bodies corporate, whether in India or abroad, notwithstanding the moneys so borrowed together with money already borrowed (apart from temporary loans obtained or to be obtained from our Company’s bankers in the ordinary course of business), may at any time exceed aggregate of the paid-up share capital, free reserves and securities premium, provided that the total amount that may be borrowed and outstanding any point of time, shall not exceed the sum of ₹ 4,000 million.

### **Corporate Governance**

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, pertaining to the constitution of the Board and committees thereof. Further, Mr. Kamal Singh Baid is also a director of Elin Appliances Private Limited, our Material Subsidiary in terms of Regulation 24 of the SEBI Listing Regulations.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. The Board of Directors function either as a full board, or through various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, our Board has eight Directors comprising of four Executive Directors and four Independent Directors including one woman Independent Director.

### **Committees of the Board**

Our Board may constitute committees to delegate certain powers as permitted under the Companies Act, 2013.

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

#### ***Audit Committee***

The members of the Audit Committee are:

1. Kamal Singh Baid, Independent Director (Chairperson);
2. Shilpa Baid, Independent Director (Member); and
3. Kamal Sethia, Managing Director (Member).

The Audit Committee was re-constituted by a meeting of the Board of Directors held on October 9, 2021. The scope and functions of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations and its terms of reference include the following:

1. oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. formulation of a policy on related party transactions, which shall include materiality of related party transactions;
5. reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
6. examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
7. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
8. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
9. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
10. approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the 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.

11. scrutiny of inter-corporate loans and investments;
12. valuation of undertakings or assets of the Company, wherever it is necessary;
13. evaluation of internal financial controls and risk management systems;
14. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. 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;
16. discussion with internal auditors of any significant findings and follow up thereon;
17. 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;
18. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
20. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. reviewing the functioning of the whistle blower mechanism;
22. monitoring the end use of funds raised through public offers and related matters;
23. overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
24. approval of appointment of 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;
25. reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
26. carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
27. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and
28. carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

### **Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

- (1) to investigate any activity within its terms of reference
- (2) to seek information from any employee
- (3) to obtain outside legal or other professional advice; and
- (4) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (5) such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

### ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Kamal Singh Baid, Independent Director (Chairperson);
2. Shilpa Baid, Independent Director (Member); and
3. Shanti Lal Sarnot, Independent Director (Member).

The Nomination and Remuneration Committee was reconstituted by a meeting of the Board of Directors held on October 9, 2021. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and regulation 19 of the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the “**Board**” or “**Board of Directors**”) a policy relating to the remuneration of the directors, key managerial personnel and other employees (“Remuneration Policy”).
2. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
3. Formulation of criteria for evaluation of independent directors and the Board;
  4. Devising a policy on Board diversity;
  5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
  6. 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;
  7. Recommend to the board, all remuneration, in whatever form, payable to senior management;
  8. Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.”
  9. Analysing, monitoring and reviewing various human resource and compensation matters;
  10. Deciding 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;
  11. Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
  12. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
  13. Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme, if any, of the Company;
  14. Reviewing and approving the Company’s compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
  15. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;
  16. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    - a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable;
  17. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.
  18. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - a) use the services of an external agencies, if required;
    - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

- c) consider the time commitments of the candidates.

### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Kamal Singh Baid, Independent Director (Chairperson);
2. Shilpa Baid, Independent Director (Member); and
3. Kamal Sethia, Managing Director (Member).

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on October 9, 2021. The scope and functions of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent; and
4. Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
5. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
6. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
7. 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.
8. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

### ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Kamal Sethia, Managing Director (Chairman);
2. Sanjeev Sethia, Wholetime Director (Member); and
3. Kamal Singh Baid, Independent Director (Member).

The Corporate Social Responsibility Committee was reconstituted by our Board of Directors at their meeting held on October 9, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Company are as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder, including:

1. Formulating and recommending to the Board the CSR Policy which shall indicate activities to be undertaken in line with Section 135 read with Schedule VI of the Act and the Rules framed there under;
2. Recommending to the Board the CSR expenditure to be incurred;
3. Recommending to the Board, modification to CSR policy as and when required;
4. Regularly monitoring the implementation of the CSR policy and reporting to the Board.
5. Formulating an annual action plan in pursuance of its CSR policy, which shall include the items as mentioned in Rule 5(2) of the Companies (CSR Policy) Rules, 2014 as amended.

### ***Risk Management Committee***

The members of the Risk Management Committee are:

1. Kamal Sethia, Managing Director (Chairman);
2. Sanjeev Sethia, Wholetime Director (Member); and
3. Kamal Singh Baid, Independent Director (Member).

The Risk Management Committee was constituted by our Board of Directors at their meeting held on October 9, 2021. The terms of reference of the Risk Management Committee of our Company are as per Regulation 21 of the SEBI Listing Regulations and the applicable rules thereunder, including:

1. To formulate a detailed risk management policy which shall include:
  - a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental social and governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per framework laid down by the board of directors;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

#### ***IPO Committee***

The members of the IPO Committee are:

1. Kamal Sethia, Managing Director (Chairperson);
2. Sanjeev Sethia, Wholetime Director (Member); and
3. Kamal Singh Baid, Independent Director (Member).

The IPO Committee was constituted by our Board of Directors on October 9, 2021. The terms of reference of the IPO Committee include the following:

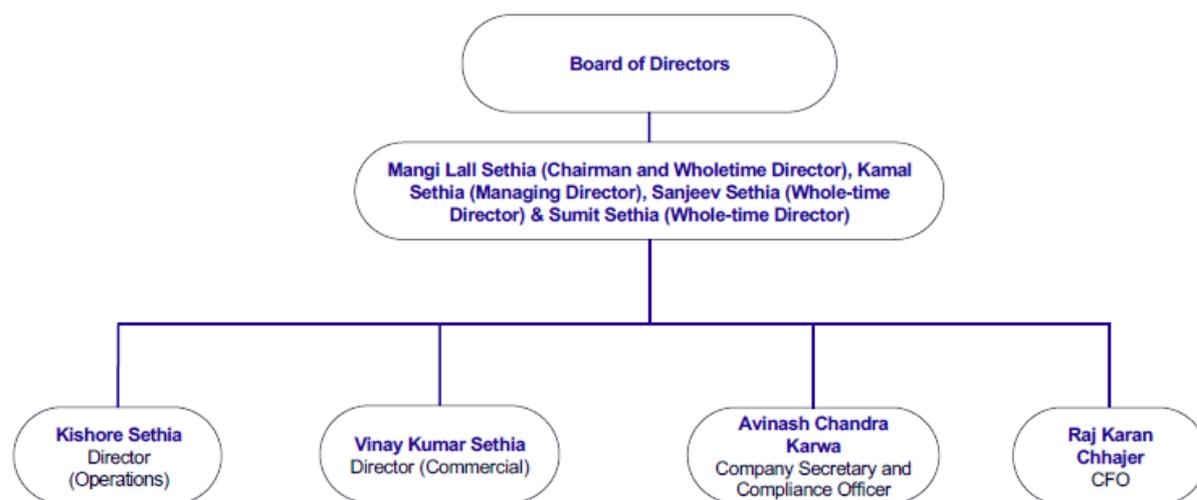
1. to decide, negotiate and finalise the pricing, the terms of the issue of the Equity Shares and all other related matters regarding the Pre-IPO Placement, if any, including the execution of the relevant documents with the investors, in consultation with the book running lead managers appointed in relation to the Offer (“**BRLMs**”);
2. to decide in consultation with the BRLMs the actual size of the Offer and taking on record the number of equity shares (the “**Equity Shares**”), and/or reservation on a competitive basis, and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders or eligible employees participating in the Offer and all the terms and conditions of the Offer, including without limitation timing, opening and closing dates of the Offer, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, and to accept any amendments, modifications, variations or alterations thereto;
3. to appoint, instruct and enter into agreements with the BRLMs, and in consultation with BRLMs appoint and enter into agreements with intermediaries, co-managers, underwriters, syndicate members, brokers, escrow collection bankers, auditors, independent chartered accountants, refund bankers, registrar, grading agency, industry expert, legal counsels, depositories, printers, monitoring agency advertising agency(ies), and any other agencies or persons (including any successors or replacements thereof) whose appointment is required in relation to the Offer and to

negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters and offer agreement with the BRLMs, and the underwriting agreement with the underwriters, and to terminate agreements or arrangements with such intermediaries;

4. to make any alteration, addition or variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Offer structure and the exact component of issue of Equity Shares;
5. to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus (“**DRHP**”), the red herring prospectus (“**RHP**”), the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, clarifications, reply to observations, addenda or corrigenda thereto, to appropriate government and regulatory authorities, respective stock exchanges where the Equity Shares are proposed to be listed (“**Stock Exchanges**”), the Registrar of Companies, West Bengal at Kolkata (“**Registrar of Companies**”), institutions or bodies;
6. to invite the existing shareholders of the Company to participate in the Offer to offer for sale the Equity Shares held by them at the same price as in the Offer;
7. to take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale;
8. to issue advertisements in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Offer in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”), Companies Act, 2013, as amended and other applicable laws;
9. to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them;
10. to open separate escrow accounts as the escrow account to receive application monies from anchor investors/ underwriters in respect of the bid amounts and a bank account as the refund account for handling refunds in relation to the Offer and in respect of which a refund, if any will be made;
11. to open account with the bankers to the Offer to receive application monies in relation to the Offer in terms of Section 40(3) of the Companies Act, 2013, as amended;
12. to negotiate, finalise, sign, execute and deliver or arrange the delivery of the offer agreement, syndicate agreement, share escrow agreement, escrow and sponsor bank agreement, underwriting agreement, agreements with the registrar to the Offer, monitoring agency and the advertising agency(ies) and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, Stock Exchanges, BRLMs and other agencies/ intermediaries in connection with Offer with the power to authorize one or more officers of the Company to execute all or any of the aforesaid documents;
13. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India (“**SEBI**”), the Reserve Bank of India (“**RBI**”), Registrar of Companies, and such other statutory and governmental authorities in connection with the Offer, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus;
14. to make in-principle and final applications for listing and trading of the Equity Shares on one or more stock exchanges, to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;
15. to determine and finalize, in consultation with the BRLMs, the price band for the Offer and minimum bid lot for the purpose of bidding, any revision to the price band and the final Offer price after bid closure, and to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares to the demat accounts of the successful allottees in accordance with applicable laws and undertake other matters in connection with or incidental to the Offer, including determining the anchor investor portion, in accordance with the SEBI ICDR Regulations;

16. to issue receipts/allotment advice/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforementioned documents;
17. to approve the code of conduct, suitable insider trading policy, whistle blower/vigil mechanism policy, risk management policy and other corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable law;
18. to seek, if required, the consent and waivers of the parties with whom the Company has entered into various commercial and other agreements such as Company's lenders, joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer in accordance with the applicable laws;
19. to determine the price at which the Equity Shares are offered, allocated, transferred and/or allotted to investors in the Offer in accordance with applicable regulations in consultation with the BRLMs and/or any other advisors, and determine the discount, if any, proposed to be offered to eligible categories of investors;
20. to settle all questions, difficulties or doubts that may arise in relation to the Offer, as it may in its absolute discretion deem fit;
21. to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Offer;
22. to authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Offer;
23. to withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and applicable laws;
24. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant stock exchange(s) where the Equity Shares are to be listed; and
25. to authorize and empower officers of the Company (each, an "**Authorized Officer(s)**"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the stock exchange(s), the registrar agreement and memorandum of understanding, the depositories' agreements, the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the stabilization agreement, the share escrow agreement, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Offer, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

## Management Organisation Chart



### Key Managerial Personnel

The details of the Key Managerial Personnel, in addition to Mangi Lall Sethia, Kamal Sethia, Sanjeev Sethia and Sumit Sethia are set out below:

**Kishore Sethia**, is the Director (Operations) of our Company. He has been associated with our Company since 1992. He holds a bachelor's degree in commerce from University of Delhi. He has approximately 40 years of experience in electronic manufacturing services sector. He was previously associated with LKM Electronic Corporation as a partner since 1978 and director of Kanchan Commercial Co. Private Limited since 1988. During Fiscal 2021, he was paid a gross remuneration of ₹ 4.28 million.

**Vinay Kumar Sethia**, is the Director (Commercial) of our Company. He has been associated with our Company since 1982. He holds a bachelor's degree in commerce from University of Calcutta. He has approximately 49 years of experience in electronic manufacturing services sector. He was previously associated with Electronic Industries of India from 1972 to 1982. During Fiscal 2021, he was paid a gross remuneration of ₹ 3.24 million.

**Avinash Chandra Karwa**, is the Company Secretary and Compliance Officer of our Company. He has been a part of our Company since 2014. He holds a master's degree in commerce from Maharshi Dayanand Saraswati University. He is also an associate member of the Institute of Company Secretaries of India. He has approximately 10 years of experience in secretarial work. During Fiscal 2021, he was paid a gross remuneration of ₹ 2.09 million.

**Raj Karan Chhajer**, is the Chief Financial Officer of our Company. He has been a part of our Company since 1975. He holds a bachelor's degree in commerce from University of Delhi. He has over 40 years of experience in overseeing finance functions of the Company. During Fiscal 2021, he was paid a gross remuneration of ₹ 1.38 million.

Except Mangi Lall Sethia who is father of Kamal Sethia and Kishore Sethia, none of our Key Managerial Personnel are related to each other.

All the Key Managerial Personnel are permanent employees of our Company.

### Shareholding of Key Managerial Personnel

Other than as disclosed under “*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*” on page 84, none of our Key Managerial Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

### Service Contracts with Key Managerial Personnel

Other than statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

### **Payment or Benefit to our Key Managerial Personnel**

No non – salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

### **Bonus or profit sharing plan of the Key Managerial Personnel**

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Company, other than the performance linked incentives given to Key Managerial Personnel.

### **Interests of Key Managerial Personnel**

Our 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, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any. None of the Key Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

### **Arrangement or understanding with major shareholders, customers, suppliers or others**

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as a Key Managerial Personnel or member of senior management.

### **Contingent and deferred compensation payable to Key Managerial Personnel**

As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form a part of their remuneration.

### **Attrition rate of Key Managerial Personnel**

There has been no attrition of the Key Managerial Personnel of our Company

### **Changes in the Key Managerial Personnel**

Except as disclosed in “– *Changes in the Board in the last three years*” and as disclosed below, there have been no changes in our Key Managerial Personnel in the last three years:

### **Employee Stock Option Plans**

As on the date of this Draft Red Herring Prospectus, our Company does not have any active employee stock option plan

## OUR PROMOTERS AND PROMOTER GROUP

Mangi Lall Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia are the Promoters of our Company and are in control of day-to-day affairs of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters hold an aggregate of 16,471,800 Equity Shares, equivalent to 38.69% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details on shareholding of our Promoters and Promoter Group, please see the section entitled “*Capital Structure*” on page 66.

The details of our Promoters are provided below:

### Our Promoters

#### 1. Mangi Lall Sethia



Mangi Lall Sethia, aged 83 years, is one of our Promoters of our Company.

*Date of Birth:* December 7, 1937

*Residential address:* House no. 4771, Bharat Ram Road, Near Hindi Park, 23, Daryaganj, New Delhi-110002

*Driving license number:* DL06 19950088423

*Aadhaar card number:* 2433 4875 4151

*Permanent account number:* ALKPS0654D.

For the complete profile of Mangi Lall Sethia along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see “*Our Management – Brief profiles of the Directors*” on page 199.

#### 2. Kamal Sethia



Kamal Sethia, aged 64 years, is one of our Promoters of our Company.

*Date of Birth:* October 28, 1957

*Residential address:* House no. 4771, Bharat Ram Road, Near Hindi Park, 23, Daryaganj, New Delhi-110002

*Driving license number:* DL06 19950130899

*Aadhaar card number:* 5176 6702 4951

*Permanent account number:* ALKPS0456M.

For the complete profile of Kamal Sethia along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see “*Our Management – Brief profiles of the Directors*” on page 199.

### 3. Kishore Sethia



Kishore Sethia, aged 62 years, is one of our Promoters of the Company of the Company.

*Directorship:* Kanchan Commercial Co Private Limited and Gaurav Resources Company Private Limited

*Date of Birth:* January 14, 1959

*Residential address:* House no. 4771/23, Bharat Ram Road Darya Ganj, Delhi - 110002

*Driving license number:* DL06 19950009273

*Aadhaar card number:* 9152 4791 6861

*Permanent account number:* AKLPS0412M

For the complete profile of Kishore Sethia along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see “*Our Management – Key Managerial Personnel*” on page 211.

### 4. Gaurav Sethia



Gaurav Sethia, aged 36 years, is one of our Promoters of the Company. He holds a bachelor’s degree in engineering from Visveswaraiiah Technological University, Belgaum, Karnataka. He is a wholetime director of Elin Appliances Private Limited since 2020. He has approximately 10 years of experience in business development and communication. He is associated with Mavika Estate Creators Private Limited since 2011.

*Directorship:* Elin Appliances Private Limited and Mavika Estate Creators Private Limited

*Date of Birth:* March 19, 1985

*Residential address:* 4771, Bharat Ram Road, 23 Darya Ganj, Delhi -110002

*Driving license number:* P06092003157397

*Aadhaar card number:* 7721 4250 6410

*Permanent account number:* AUFPS6168J

### 5. Sanjeev Sethia



Sanjeev Sethia, aged 52 years, is one of our Promoters and the Wholetime of our Company.

*Date of Birth:* April 22, 1969

*Residential address:* B-141, behind NMC Hospital, Sector 30, Noida, Gautam Buddha Nagar, Uttar Pradesh -201303

*Driving license number:* UP14 19988373700

*Aadhaar card number:* 4523 4633 8780

*Permanent account number:* ALHPS2715C

For the complete profile of Sanjeev Sethia along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see “*Our Management – Brief profiles of the Directors*” on page 199.

## 6. Sumit Sethia



Sumit Sethia, aged 48 years, is one of our Promoters and the Wholetime Director of our Company.

*Date of Birth:* April 1, 1973

*Residential address:* Plot No 9, Sagar Co-Operative Housing Society, Dona Paula, North Goa - 403004

*Driving license number:* WB 0119910856745

*Aadhaar card number:* 7136 9310 8550

*Permanent account number:* AKLPS7117H

For the complete profile of Sumit Sethia along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see “*Our Management – Brief profiles of the Directors*” on page 199.

## 7. Suman Sethia



Suman Sethia, aged 61 years, is one of our Promoters of the Company

*Directorship:* Nil

*Date of Birth:* August 17, 1960

*Residential address:* House no 4771, Bharat Ram Road, 23 Darya Ganj, Delhi - 110002

*Driving license number:* N.A.

*Aadhaar card number:* 2687 6464 3397

*Permanent account number:* ALSPS1930J

## 8. Vinay Kumar Sethia



Vinay Kumar Sethia, aged 70 years, is one of our Promoters of the Company.

*Directorship:* Elin Appliances Private Limited and Mavika Estate Creators Private Limited

*Date of Birth:* May 21, 1951

*Residential address:* E-21, Sector 30, Noida, Uttar Pradesh -201303

*Driving license number:* UP14 19959817514

*Aadhaar card number:* 2766 5237 0710

*Permanent account number:* AJWPS8336E

For the complete profile of Vinay Kumar Sethia along with details of his educational qualification, experience in the business, positions/posts held in

past, directorship, his business and financial activities, see “*Our Management – Key Managerial Personnel*” on page 211.

## 9. Vasudha Sethia



Vasudha Sethia, aged 61 years, is one of our Promoters of the Company. She holds a bachelor's degree in arts from University of Delhi.

*Directorship:* Nil

*Date of Birth:* June 9, 1960

*Residential address:* House no 4771, Bharat Ram Road, 23 Darya Ganj, Delhi - 110002

*Driving license number:* N.A.

*Aadhaar card number:* 8293 8139 2092

*Permanent account number:* ALSPS1931K

Our Company confirms that the PAN details, bank account numbers and passport numbers of Mangi Lall Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

### Experience of our Promoters

Except for Suman Sethia and Vasudha Sethia, our Promoters have adequate experience in the business activities undertaken by our Company.

### Interests of our Promoters

#### *Interest of our Promoters in the promotion of our Company*

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and the dividends payable and any other distributions in respect of their respective shareholding in our Company. Our Promoters are interested to the extent of any remuneration, or reimbursement received by them from the Company or its Subsidiary, in the capacity of Directors of our Company and our Subsidiary; and payments made for services rendered by entities in which are Promoters have been interested in. Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters. For details regarding the shareholding of our Promoters and other interests in our Company, see “*Capital Structure*”, “*Our Management*” and “*Financial Statements – Note 42 – Related Party Disclosures*” on pages 66, 197 and 268, respectively.

#### *Interest of our Promoters in the property of our Company*

Our Promoters have no interest in any property acquired in the three years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

#### *Interest of Promoter in acquisition of land, construction of building and supply of machinery, etc*

As on the date of filing of the Draft Red Herring Prospectus, our Promoters are not interested in any transaction for acquisition of land, construction of buildings and supply of machinery.

#### *Interest of our Promoters in our Company arising out of being a member of a firm or company*

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to our Promoters or to any firm or company in which our Promoters are interested as members, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director or promoter, or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

### Payment of benefits to our Promoters or our Promoter Group

Except as stated in “*Financial Statements – Note 42 – Related party disclosures*” and “*Our Management*” on pages 268 and 197 respectively, no amount or benefit has been paid or given to our Promoters or members of our 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 members of our Promoter Group.

### Experience in the business of our Company

Our Promoters have adequate experience in the business of our Company.

### Material Guarantees

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

For details of guarantees given by Kamal Sethia, Kishore Sethia, Sanjeev Sethia and Vinay Kumar Sethia, in relation to certain borrowings of our Company, as on the date of this Draft Red Herring Prospectus, see “*History and Certain Corporate Matters - Guarantees given to third parties by our Promoters offering its Equity Shares*” on page 194.

### Companies or Firms with which our Promoters have disassociated in the last three years

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.

### Change in the control of our Company

While there has been no change in control of our Company in the last five years immediately preceding the date of this Draft Red Herring Prospectus. Mangi Lall Sethia, Kamal Sethia, Kishore Sethia, Gaurav Sethia, Sanjeev Sethia, Sumit Sethia, Suman Sethia, Vasudha Sethia and Vinay Kumar Sethia have been identified as the Promoters of our Company pursuant to the resolution dated September 6, 2021 approved by our Board.

### Our Promoter Group

Details of the Promoter Group of our Company (excluding our Promoters and Subsidiary) are provided below:

#### A. Natural persons forming part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with our individual Promoter), are as follows:

Name of the Promoter	Name of the Relative	Relationship
Mangi Lall Sethia	Kamla Dugar	Daughter
	Kamal Sethia	Son
	Kishore Sethia	Son
	Subh Karan Banthia	Spouse's Brother
Kamal Sethia	Suman Sethia	Spouse
	Mangi Lall Sethia	Father
	Kishore Sethia	Brother
	Kamla Dugar	Sister
	Nidhi Shyamsukha	Daughter
	Tripti Chordia	Daughter
	Manohar Ghorawat	Spouse's Brother
	Harsh Ghorawat	Spouse's Brother
	Sajjan Sethia	Spouse's Sister
	Santosh Sethia	Spouse's Sister
Kishore Sethia	Vasudha Sethia	Spouse
	Mangi Lall Sethia	Father
	Kamal Sethia	Brother
	Kamla Dugar	Sister
	Gaurav Sethia	Son
	Kanika Sethia	Daughter

Name of the Promoter	Name of the Relative	Relationship
	Harish Gupta	Spouse's Brother
	Chandra Kanta Mittal	Spouse's Sister
	Kanta Gupta	Spouse's Sister
	Sulochna Goyal	Spouse's Sister
	Lakshmi Gupta	Spouse's Sister
Suman Sethia	Kamal Sethia	Spouse
	Manohar Ghorawat	Brother
	Harsh Ghorawat	Brother
	Sajjan Sethia	Sister
	Santosh Sethia	Sister
	Nidhi Shyamsukha	Daughter
	Tripti Chordia	Daughter
	Mangi Lall Sethia	Spouse's Father
	Kishore Sethia	Spouse's Brother
	Kamla Dugar	Spouse's Sister
Vasudha Sethia	Kishore Sethia	Spouse
	Harish Gupta	Brother
	Chandra Kanta Mittal	Sister
	Kanta Gupta	Sister
	Sulochna Goyal	Sister
	Laxmi Gupta	Sister
	Gaurav Sethia	Son
	Kanika Sethia	Daughter
	Mangi Lall Sethia	Spouse's Father
	Kamal Sethia	Spouse's Brother
	Kamla Dugar	Spouse's Sister
Gaurav Sethia	Khushboo Sethia	Spouse
	Kishore Sethia	Father
	Vasudha Sethia	Mother
	Kanika Sethia	Sister
	Mira Sethia	Daughter
	Sunil Chouraria	Spouse's Father
	Neelam Chouraria	Spouse's Mother
	Gaurav Chouraria	Spouse's Brother
Sanjeev Sethia	Perna Sethia	Spouse
	Vijay Singh Sethia	Father
	Kanchan Sethia	Mother
	Rajiv Sethia	Brother
	Devansh Sethia	Son
	Pushpa Lodha	Spouse's Mother
	Samil Lodha	Spouse's Brother
	Namrata Choksi	Spouse's Sister
	Pragati Jain	Spouse's Sister
	Triptee Jain	Spouse's Sister
Smriti Mehta	Spouse's Sister	
Sumit Sethia	Sweta Sethia	Spouse
	Sushil Sethia	Father
	Pukhraj Sethia	Mother
	Parth Sethia	Brother
	Shivangi Daga	Sister
	Akshat Sethia	Son
	Rajender Kumar Sharma	Spouse's Father
	Ruchi Gulati	Spouse's Sister
	Smita Ghosh	Spouse's Sister
	Shruti Masand	Spouse's Sister
Vinay Kumar Sethia	Santosh Sethia	Spouse
	Deepak Sethia	Brother
	Vibha Sethia	Daughter
	Sushila Gouti	Spouse's Sister

Name of the Promoter	Name of the Relative	Relationship
	Sarla Sethia	Spouse's Sister
	Depika Dugar	Spouse's Sister

Further, we have submitted an exemption application dated November 17, 2021 with SEBI seeking exemption from providing specific information, confirmations and disclosures to be included in this Draft Red Herring Prospectus (subsequently, the Red Herring Prospectus and the Prospectus in relation to the Offer) from Saroj Dugar, sister of Suman Sethia and sister in law of Kamal Sethia or other body corporates in which he is interested, as members of the 'promoter group' of our Company.

## **B. Entities forming part of the Promoter Group**

The entities forming part of our Promoter Group are as follows:

1. B.M. Sethia & Co.
2. Dhani Devi Sethia Trust
3. Deepak Sethia & Sons HUF
4. Electronic Component Industries
5. Gaurav Resources Company Private Limited
6. Hind Trading Co.
7. Kanchan Commercial Company Private Limited
8. Kamexim Private Limited
9. Kamal Sethia & Sons HUF
10. Magtronic Devices Private Limited
11. Mavika Estate Creators Private Limited
12. Sanpre Designs Private Limited
13. Sethia Realty Private Limited
14. Sushil Kumar Sethia & Sons HUF
15. Twice Treasured Private Limited
16. Vikash Electricals & Electronics
17. Viks Fashion Private Limited
18. Vijay Singh Sethia & Sons HUF
19. Vinay Kumar Sethia & Sons HUF
20. Shri Hari Agro Farms
21. Sethia Oil Industries Limited
22. S M Sethia Private Limited
23. Calcutta Electronics Private Limited
24. Sethia Oils Limited
25. Alternate Real Estate Experiences Private Limited
26. J J Lall Private Limited
27. Skynet Automation Private Limited

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term “group companies”, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly with respect to (i) above, all such companies with which our Company had related party transactions as per the Restated Consolidated Financial Statements, as covered under the relevant accounting standard (i.e. Ind AS 24) have been considered as Group Companies in terms of the SEBI ICDR Regulations.

Further with respect to (ii) above, the disclosure in the Offer Documents, companies (other than subsidiaries of the Company) with which there were related party transactions after the period in respect of which restated audited consolidated financial statements of the Company are included in the Offer Documents until the date of filing of the Offer Documents, shall be considered material and will be disclosed as a ‘Group Company’.

Accordingly, Kanchan Commercial Co. Private Limited, Magtronic Devices Private Limited and Sethia Oil Industries Limited have been identified as the group companies.

The details of our Group Companies are provided below:

### A. Details of our Group Companies

In terms of the SEBI ICDR Regulations, the following information based on the audited financial statements, in respect of Group Companies, for the last three years shall be hosted on the website of our Company and/or the respective Group Companies:

- reserves (excluding revaluation reserve)
- sales
- profit after tax
- earnings per share
- diluted earnings per share; and
- net asset value

#### 1. **Kanchan Commercial Co. Private Limited (“Kanchan Commercial”)**

##### *Registered Office*

The registered office of Kanchan Commercial is situated at 4771/23, Bharat Ram Road, Daryaganj Delhi Central Delhi – 110002.

##### *Financial Information*

The financial information derived from the audited financial statements of Kanchan Commercial for the last three financial years, as required by the SEBI ICDR Regulations, are available on <http://kanchancommercial.com/>.

#### 2. **Magtronic Devices Private Limited (“Magtronic”)**

##### *Registered Office*

The registered office of Magtronic is situated at 4771, Bharat Ram Road, 23 Daryaganj New Delhi Central Delhi 110002.

##### *Financial Information*

The financial information derived from the audited financial statements of Magtronic for the last three financial years, as required by the SEBI ICDR Regulations, are available on <https://www.voniaheadsets.com/financials.htm>.

#### 3. **Sethia Oil Industries Limited (“Sethia Oil”)**

##### *Registered Office*

The registered office of Sethia Oil is situated at Diamond Heritage, Room No. 505, 5th Floor, 16, Strand Road Kolkata -700001.

#### *Financial Information*

The financial information derived from the audited financial statements of Sethia Oil for the last three financial years, as required by the SEBI ICDR Regulations, are available on sethiaoil.co.in.

#### **Nature and extent of interest of our Group Companies**

a. ***In the promotion of our Company***

Our Group Companies do not have any interest in the promotion of our Company.

b. ***In the properties acquired by our Company in the preceding three years before filing the Draft Red Herring Prospectus or proposed to be acquired by our Company***

Our Group Companies are not interested, directly or indirectly, in the properties acquired or proposed to be acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus.

c. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Companies are not interested, directly or indirectly, in any transaction for the acquisition of land, construction of building, supply of machinery, or any other contract, agreement or arrangement entered into by our Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements, by any of our Group Companies.

#### **Common Pursuits between our Group Companies and our Company**

None of the Group Companies are involved in the same line of business as our Company and accordingly none of our Group Companies have any common pursuits with our Company.

#### **Related Business Transactions with the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in “*Financial Statements – Note 42 - Related Party Disclosures*” on page 268, there are no other related business transactions with our Group Companies.

#### **Business interest of our Group Companies in our Company**

Except in the ordinary course of business and “*Financial Statements – Note 42 - Related Party Disclosures*” on page 268, our Group Companies have no business interest in our Company.

#### **Litigation**

Our Group Companies are not party to any pending litigation which will have a material impact on our Company.

#### **Other confirmations**

None of our Group Companies are listed on any stock exchange.

## DIVIDEND POLICY

Our Company has approved and adopted a formal dividend policy on October 9, 2021.

The form, frequency and amount of future dividends declared by our Bank will depend on a number of internal and external factors, including, but not limited to, operating cash flows, funding growth needs including working capital, capital expenditure, repayment of debt etc, tax implications, if any, on distribution of dividends, providing for unforeseen events and contingencies with financial implications or any other relevant factor that the Board may deem fit to consider, subject to the approval of the Shareholders.

The declaration and payment of dividends is recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association, Companies Act and other applicable law. 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, our Company's liquidity position and future cash flow needs, the prevailing taxation policy or any amendments expected thereof, with respect to distribution of dividend, capital expenditure requirements considering opportunities for expansion and acquisition, cost and availability of alternative sources of financing, prevailing macroeconomic and business conditions, and overall financial position of our Company and other factors considered relevant by our Board. We may retain all our future earnings, if any, for use in the operations and expansion of our business. For further details, see "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*" on page 43.

We have not declared any dividends in the three Fiscals immediately preceding the filing of this Draft Red Herring Prospectus. Further, our Company has not declared any dividend between the last audited Fiscal and the date of filing of this Draft Red Herring Prospectus.

**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors  
**Elin Electronics Limited ("Company")**  
4771, Bharat Ram Road  
23, Daryaganj  
New Delhi - 110002

Dear Sirs,

- 1) We have examined, the attached Restated Consolidated Financial Information of **Elin Electronics Limited** (the "Company" or the "Holding Company" or the "Issuer") and its subsidiary Elin Appliances Private Limited (the Company and its subsidiary together referred to as "the Group"), comprising the Restated Consolidated Statement of Assets and Liabilities as at 30 September 2021, 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, for the period beginning 1 April 2021 to 30 September 2021, and the summary statement of significant accounting policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 09 November 2021 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"), as amended;
  - (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 ("**SEBI**"), the stock exchanges where the equity shares of the Company are proposed to be listed ("**Stock Exchanges**") and the Registrar of Companies, Kolkata ("**RoC**"), 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 of Annexure V to the Restated Consolidated Financial Information.
- 3) The respective Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors of the companies are also responsible for identifying and ensuring that the Group complies with the Act, the ICDR Regulations and the Guidance Note.
- 4) 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 30 September 2021, 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 of equity shares of the Company.
- 5) These Restated Consolidated Financial Information have been compiled by the management from:
- a) Audited special purpose interim consolidated financial statements of the Group as at and for the six month period ended 30 September 2021 prepared in accordance with recognition and measurement principles under Indian Accounting Standard (“Ind AS”) 34 “Interim Financial Reporting”, specified under section 133 of the Act and other accounting principles generally accepted in India (the “Special Purpose Interim Consolidated Financial Statements”) which have been approved by the Board of Directors at their meeting held on 09 November 2021; and
  - b) Audited consolidated financial statements of the Group as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 which were prepared in accordance with the accounting standards notified under the section 133 of the Act (“Indian GAAP”) and other accounting principles generally accepted in India, at the relevant time, which have been approved by the Board of Directors at their meeting held on 16 July 2021, 16 September 2020 and 14 June 2019, respectively.

The information for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 included in such restated consolidated financial statements have been compiled from special purpose consolidated financial statements of respective years being prepared by the management in accordance with the Indian Accounting Standard (Ind AS) (the “Special Purpose Ind AS Consolidated Financial Statements”) by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the accounting standards notified under the section 133 of the Act (“Indian GAAP”), which are approved by the Board of directors at their meeting held on 09 November 2021.

- 6) We have re-audited the Special Purpose Ind AS Consolidated Financial Statements of the Company for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared by the Company in accordance with the Indian Accounting Standard (Ind AS) for the limited purpose of consideration in preparation of Restated Consolidated Financial Information, being prepared under Ind AS in relation to proposed IPO, as per the SEBI request to the Association of Investment Bankers of India (“AIBI”) vide its email dated October 28, 2021 and received by us through the book running lead managers appointed in connection with the IPO. We have issued our report dated 09 November 2021 on these Special Purpose Ind AS Consolidated Financial Statements to the Board of Directors.
- 7) For the purpose of our examination, we have relied on :
- a) Auditors’ report issued by us dated 09 November 2021 on the Special Purpose Interim Consolidated financial statements of the Group as at and for the six months period ended 30 September 2021 as referred in Paragraph 5 (a) above;

- b) Auditors' reports issued by us dated 16 July 2021, 16 September 2020 and 14 June 2019 on the consolidated financial statements of the Group as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 as referred in Paragraph 5(b) above; and
  - c) Auditors' reports issued by us dated 09 November 2021 on the Special Purpose Ind AS Consolidated financial statements of the Group as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 as referred in Paragraph 6 above.
- 8) The Audit reports on the special purpose interim consolidated financial statements as at and six month period ended 30 September 2021 and on the consolidated financial statements as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 issued by us contained the following Emphasis of Matter / Other Matters paragraphs:

**As at and for the year ended 31 March 2021**

We draw attention to Note 27(k) of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of above matters.

**As at and for the year ended 31 March 2020**

(a) We draw attention to Note 27(j) of the consolidated financial statements which describes the scheme of amalgamation ("the scheme") becoming effective on 02 November 2019, the appointed date being 01 April 2018. We further refer to note 27(o) of the consolidated financial statements which states that pursuant to the scheme and consequential effects thereof, the audited consolidated financial statement of the previous year ended 31 March 2019, issued on 14 June 2019, have been restated to give effect of the scheme.

(b) We draw attention to Note 27(k) of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period.

Our opinion is not modified in respect of above matters.

**As at and for the year ended 31 March 2019**

The consolidated financial statements include the share of net profit of Rs. 0.87 million for the year ended 31 March, 2019, as considered in the consolidated financial statements, in respect of one associate company, whose financial statements has not been audited. This financial statement has been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this associate company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements furnished by the Management.

- 9) Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

- i. have been prepared after incorporating adjustments for the change in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six months period ended 30 September 2021;
  - ii. does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure VII to the Restated Consolidated Financial Information; and
  - iii. have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.
- 10) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Financial Statements and audited financial statements mentioned in paragraph 5 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 SEBI, Stock Exchanges and RoC 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 **Oswal Sunil & Company**  
*Chartered Accountants*  
ICAI Firm's Registration No: 016520N

**CA Sunil Bhansali**  
Partner  
Membership No.: 054645  
UDIN: 21054645AAAABQ2218

Place: New Delhi  
Date: 09 November 2021

**ELIN ELECTRONICS LIMITED**  
**Annexure I - Restated Consolidated Statement of Assets and Liabilities**  
*(All amounts are in INR Millions, unless otherwise stated)*

Particulars	Note No(s)	As at			
		Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Assets</b>					
<b>Non-current Assets</b>					
(a) Property, Plant and Equipment	3	1,699.57	1,605.15	1,544.22	1,320.51
(b) Capital work-in-progress	4	76.23	0.56	0.28	4.09
(c) Right-of-use-assets	36	0.76	0.76	0.78	0.79
(d) Intangible assets (other than Goodwill)	5	5.35	6.73	0.94	1.48
(e) Financial Assets					
(i) Investments	6	0.58	0.58	0.51	0.92
(ii) Other Financial Assets	7	18.10	25.00	18.04	21.88
(f) Other non-current assets	9	144.13	188.23	150.33	185.01
<b>Total Non Current Assets</b>		<b>1,944.72</b>	<b>1,827.02</b>	<b>1,715.10</b>	<b>1,534.68</b>
<b>Current Assets</b>					
(a) Inventories	10	1,127.71	1,149.93	799.00	818.08
(b) Financial Assets					
(i) Investments	11	140.31	135.61	250.80	133.08
(ii) Trade receivables	12	2,141.71	1,826.32	908.21	1,374.66
(iii) Cash and cash equivalents	13	45.27	46.76	90.73	31.17
(iv) Bank balances other than (iii) above	14	7.66	7.03	12.42	1.62
(v) Loans	15	-	-	-	5.44
(vi) Other Financial Assets	16	10.00	10.22	10.36	17.58
(c) Current Tax Assets (net)	17	6.26	6.26	5.71	1.57
(d) Other current assets	18	100.05	73.92	83.96	59.37
<b>Total Current Assets</b>		<b>3,578.98</b>	<b>3,256.04</b>	<b>2,161.19</b>	<b>2,442.58</b>
<b>Total Assets</b>		<b>5,523.70</b>	<b>5,083.06</b>	<b>3,876.29</b>	<b>3,977.26</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
(a) Equity Share Capital	19	204.20	68.07	68.07	49.57
(b) Other Equity	19	2,620.28	2,554.64	2,209.62	1,940.64
<b>Total Equity</b>		<b>2,824.48</b>	<b>2,622.71</b>	<b>2,277.68</b>	<b>1,990.21</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	20	395.15	371.45	400.66	413.14
(ii) Lease liabilities	36	1.91	1.93	1.95	1.81
(b) Provisions	21	7.75	8.69	5.46	5.94
(c) Deferred tax liabilities (Net)	8	82.86	77.63	55.59	29.64
<b>Total Non Current Liabilities</b>		<b>487.66</b>	<b>459.69</b>	<b>463.66</b>	<b>450.54</b>
<b>Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	22	925.23	766.21	298.27	453.30
(ii) Lease Liabilities	36	0.06	0.05	0.05	0.05
(iii) Trade payables					
- total outstanding dues of micro and small enterprises	23	236.98	194.94	102.63	74.69
- total outstanding dues to other than micro and small enterprises	23	830.06	850.86	578.97	845.84
(iv) Other financial liabilities	24	128.16	99.46	92.48	101.15
(b) Current Tax liabilities (Net)	17	24.95	40.63	6.22	11.29
(c) Other current liabilities	25	58.85	40.91	48.25	42.52
(d) Provisions	26	7.29	7.60	8.08	7.69
<b>Total Current Liabilities</b>		<b>2,211.57</b>	<b>2,000.66</b>	<b>1,134.94</b>	<b>1,536.51</b>
<b>Total Liabilities</b>		<b>2,699.22</b>	<b>2,460.36</b>	<b>1,598.61</b>	<b>1,987.05</b>
<b>Total Equity and Liabilities</b>		<b>5,523.70</b>	<b>5,083.06</b>	<b>3,876.29</b>	<b>3,977.26</b>

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial Information appearing in Annexure VII.

As per our report of even date attached  
**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Reg. No.: 016520N**

--Sd--  
**Sunil Bhansali**  
**Partner**  
**M.No.: 054645**

New Delhi, November 09, 2021

**For and on behalf of the Board**

--Sd--  
Kamal Sethia  
**Managing Director**  
DIN: 00081116

--Sd--  
Raj Karan Chhajjer  
**Chief Financial Officer**  
PAN: AAAPC0561C

--Sd--  
Sanjeev Sethia  
**Whole Time Director**  
DIN: 00354700

--Sd--  
Avinash Karwa  
**Company Secretary**  
M.No.: A20424

New Delhi, November 09, 2021

**ELIN ELECTRONICS LIMITED**  
**Annexure II - Restated Consolidated Statement of Profit and Loss**  
*(All amounts are in INR Millions, unless otherwise stated)*

Particulars	Note No(s)	For the period ended Sept. 30, 2021	For the year ended		
			March 31, 2021	March 31, 2020	March 31, 2019
<b>I INCOME</b>					
Revenue from operations	27	5,182.46	8,623.78	7,855.84	8,285.45
Other Income	28	6.80	25.23	7.88	11.92
<b>Total Revenue (I)</b>		<b>5,189.25</b>	<b>8,649.02</b>	<b>7,863.72</b>	<b>8,297.37</b>
<b>II EXPENSE</b>					
Cost of Material Consumed	29	3,850.45	6,168.18	5,425.68	5,911.24
Purchases of stock-in trade		23.80	119.07	167.89	177.99
Change in inventories of finished goods, work-in progress and stock-in trade	30	(21.96)	(40.34)	(55.55)	(1.71)
Employee benefits expense	31	604.63	1,080.23	1,062.93	944.25
Finance Costs	32	60.64	96.76	117.04	129.70
Depreciation Impairment & amortization expenses	3, 5, 36	69.27	118.35	94.34	73.00
Other Expenses	33	347.78	631.85	700.35	683.45
<b>Total Expenses (II)</b>		<b>4,934.61</b>	<b>8,174.10</b>	<b>7,512.67</b>	<b>7,917.93</b>
<b>III Profit before tax (I - II)</b>		<b>254.65</b>	<b>474.92</b>	<b>351.05</b>	<b>379.44</b>
<b>IV Tax expenses</b>					
- Current tax		58.92	109.90	54.40	57.94
- Deferred Tax		2.39	16.45	21.78	30.77
		<b>61.31</b>	<b>126.35</b>	<b>76.18</b>	<b>88.71</b>
<b>V Profit for the period/year (III-IV)</b>		<b>193.33</b>	<b>348.57</b>	<b>274.87</b>	<b>290.74</b>
<b>VI Other comprehensive Income (OCI):</b>					
<b>Items that will not be reclassified to profit or loss</b>					
(i) Remeasurements of defined benefit plans		11.28	(4.83)	16.72	(11.40)
(ii) Income tax on above item		(2.84)	1.22	(4.21)	2.86
(iii) Gain/(Loss) on Equity Instruments designated through OCI		-	0.07	0.09	0.05
<b>Total Other comprehensive income/(loss) for the period/year</b>		<b>8.44</b>	<b>(3.55)</b>	<b>12.61</b>	<b>(8.50)</b>
<b>VII Total comprehensive income for the period/year (V + VI)</b>		<b>201.77</b>	<b>345.02</b>	<b>287.48</b>	<b>282.24</b>
<b>VIII Earnings per share from continuing and total operations attributable to the equity holders of the Group [face value of INR 5/- each] (Not Annualised)</b>	34				
- Basic and diluted (amount in INR)		<b>4.73</b>	<b>8.53</b>	<b>6.73</b>	<b>7.12</b>

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial Information appearing in Annexure VII.

As per our report of even date attached  
**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Reg. No.: 016520N**

--Sd--  
**Sunil Bhansali**  
**Partner**  
**M.No.: 054645**

New Delhi, November 09, 2021

**For and on behalf of the Board**

--Sd--  
**Kamal Sethia**  
**Managing Director**  
**DIN: 00081116**

--Sd--  
**Raj Karan Chhajjer**  
**Chief Financial Officer**  
**PAN: AAAPC0561C**

--Sd--  
**Sanjeev Sethia**  
**Whole Time Director**  
**DIN: 00354700**

--Sd--  
**Avinash Karwa**  
**Company Secretary**  
**M.No.: A20424**

New Delhi, November 09, 2021

**ELIN ELECTRONICS LIMITED**  
**Annexure IV - Restated Consolidated Statement of Cash Flows**  
*(All amounts are in INR Millions, unless otherwise stated)*

Particulars	For the period ended Sept. 30, 2021	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
<b>I. Cash flow from Operating Activities :</b>				
<b>Net Profit before taxes</b>	<b>254.65</b>	<b>474.92</b>	<b>351.05</b>	<b>379.44</b>
<b>Adjustments for :</b>				
Depreciation, Impairment and Amortization expenses	69.27	118.35	94.34	73.00
(Gain)/Loss on disposal of property, plant and equipment	(0.83)	3.01	(0.36)	(1.27)
Fair value (gain)/loss on investments	(4.70)	(20.30)	0.41	1.27
Impairment loss, Bad Debts, advances and miscellaneous balances written off	0.21	(0.62)	53.82	4.38
Dividend and interest income classified as investing cash flows	(1.05)	(2.97)	(7.30)	(8.64)
Finance costs (net)	60.64	96.76	117.04	129.70
	<b>123.54</b>	<b>194.23</b>	<b>257.94</b>	<b>198.44</b>
<b>Change in operating assets and liabilities :</b>				
(Increase)/ Decrease in Trade and other receivables	(315.64)	(919.10)	466.46	(295.16)
(Increase)/ Decrease in Inventories	22.22	(350.93)	19.08	(35.51)
Increase/ (Decrease) in Trade payables	21.26	365.81	(292.75)	68.42
(Increase)/ Decrease in other financial assets	6.31	(1.82)	6.21	41.64
(Increase)/ Decrease in other non-current assets	44.10	(37.91)	34.69	(48.98)
(Increase)/ Decrease in other current assets	(26.13)	10.05	(24.59)	21.62
Increase/ (Decrease) in provisions	10.02	(2.08)	16.63	(8.20)
Increase/ (Decrease) in other current liabilities	46.64	(0.36)	(2.94)	15.31
	<b>(191.22)</b>	<b>(936.34)</b>	<b>222.79</b>	<b>(240.85)</b>
<b>Cash generated from operations</b>	<b>186.96</b>	<b>(267.20)</b>	<b>831.79</b>	<b>337.04</b>
Income taxes paid/refund (net)	(74.60)	(69.24)	(63.64)	(53.86)
<b>Net cash inflow from / (used in) operating activities</b>	<b>112.36</b>	<b>(336.43)</b>	<b>768.14</b>	<b>283.18</b>
<b>II Cash flow from Investing activities</b>				
(Payments) for property, plant and equipment including CWIP	(238.45)	(196.79)	(326.24)	(299.91)
(Payments) for Intangible Assets	-	(7.55)	-	(1.05)
Proceeds from sale of property, plant and equipment	1.30	16.00	12.92	10.30
Proceeds/(Payments) from sale of Investment (net)	0.00	135.50	(117.63)	(37.13)
Dividends received	0.03	1.07	3.60	4.58
Interest received	1.20	2.30	3.18	4.80
<b>Net Cash flow from / (used in) investing activities</b>	<b>(235.92)</b>	<b>(49.48)</b>	<b>(424.17)</b>	<b>(318.41)</b>
<b>III Cash flow from Financing Activities</b>				
Proceeds from borrowings	313.29	603.15	(72.00)	200.27
(Repayment) of borrowings	(130.57)	(164.42)	(95.51)	(107.94)
(Repayment) of lease liabilities	(0.09)	(0.17)	-	-
	<b>182.63</b>	<b>438.56</b>	<b>(167.51)</b>	<b>92.33</b>
Less: Finance Costs paid	(60.56)	(96.62)	(116.90)	(129.56)
<b>Net Cash flow from/ (used in) financing activities</b>	<b>122.06</b>	<b>341.94</b>	<b>(284.41)</b>	<b>(37.23)</b>
<b>IV Net increase/(decrease) in cash &amp; cash equivalents (I + II + III)</b>	<b>(1.49)</b>	<b>(43.97)</b>	<b>59.56</b>	<b>(72.46)</b>
<b>V Cash and cash equivalents at the beginning of the financial year</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>	<b>103.63</b>
<b>VI Cash and cash equivalents at end of the year/period</b>	<b>45.27</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>

**Notes:**

1 The Restated Consolidated Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

2 Figures in bracket indicate cash outflow.

3 Cash and cash equivalents (refer Note 13) comprise of the followings:

Cash on hand	1.75	0.98	2.22	2.63
Cheques in hand	-	0.00	0.19	1.50
Balances with Scheduled banks in				
Current accounts	43.51	45.77	88.32	27.04
Bank Deposits with Bank	-	-	-	-
Balances per statement of cash flows	<b>45.27</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>

4 **Analysis of movement in borrowings**

Borrowings at the beginning of the year/period	1,137.66	698.93	866.44	774.11
Movement due to cash transactions as per the Statement of Cash Flows	182.72	438.73	(167.51)	92.33
<b>Borrowings at the end of the year/period</b>	<b>1,320.38</b>	<b>1,137.66</b>	<b>698.93</b>	<b>866.44</b>

The above annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in annexure V, notes to the Restated Consolidated Financial Information appearing in annexure VI and Statement on Adjustments to Audited Financial Statements appearing in Annexure VII.

As per our report of even date attached

**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Reg. No.: 016520N**

--Sd--  
**Sunil Bhansali**  
**Partner**  
**M.No.: 054645**

**For and on behalf of the Board**

--Sd--  
 Kamal Sethia  
**Managing Director**  
 DIN: 00081116

--Sd--  
 Raj Karan Chhajjar  
**Chief Financial Officer**  
 PAN: AAAPC0561C

--Sd--  
 Sanjeev Sethia  
**Whole Time Director**  
 DIN: 00354700

--Sd--  
 Avinash Karwa  
**Company Secretary**  
 M.No.: A20424

**ELIN ELECTRONICS LIMITED**

**Annexure III - Restated Consolidated Statement of Changes in Equity**

(All amounts are in INR Millions, unless otherwise stated)

**A. Equity Share Capital**

Particulars	Amount #
<b>Balance as at April 1, 2018</b>	<b>49.57</b>
Changes in equity share capital	-
<b>Balance as at March 31, 2019</b>	<b>49.57</b>
Changes in equity share capital*	18.50
<b>Balance as at March 31, 2020</b>	<b>68.07</b>
Changes in equity share capital	-
<b>Balance as at March 31, 2021</b>	<b>68.07</b>
Split of Shares into Face Value of Rs. 5 each (Refer Note 19)	-
Bonus shares issued of Rs. 5 each during the period (Refer Note 19)	136.13
<b>Balance as at September 30, 2021</b>	<b>204.20</b>

\* Share capital issued pursuant to scheme of amalgamation (refer note 50)

# Net off elimination on consolidation due to equity shares being held by subsidiary company

**B. Other equity**

Particulars	Equity Shares pending allotment pursuant to Scheme*	Reserves and Surplus				Other Comprehensive Income		Total
		Securities Premium	Capital Reserve	General Reserve	Retained Earnings	Changes in fair value of FVOCI equity instruments	Remeasurement of defined benefit plans	
<b>Balance as at April 1, 2018</b>	<b>18.50</b>	<b>59.55</b>	<b>212.17</b>	<b>353.77</b>	<b>985.77</b>	<b>0.07</b>	<b>28.56</b>	<b>1,658.40</b>
Total Comprehensive Income for the year	-	-	-	-	290.74	0.05	(8.54)	282.24
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
<b>Balance as at March 31, 2019</b>	<b>18.50</b>	<b>59.55</b>	<b>212.17</b>	<b>403.77</b>	<b>1,226.51</b>	<b>0.12</b>	<b>20.02</b>	<b>1,940.64</b>
Total Comprehensive Income for the year	-	-	-	-	274.87	0.09	12.51	287.48
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
Issues of equity shares pursuant to scheme of amalgamation	(18.50)	-	-	-	-	-	-	(18.50)
<b>Balance as at March 31, 2020</b>	<b>-</b>	<b>59.55</b>	<b>212.17</b>	<b>453.77</b>	<b>1,451.38</b>	<b>0.21</b>	<b>32.53</b>	<b>2,209.62</b>
Total Comprehensive Income for the year	-	-	-	-	348.57	0.07	(3.62)	345.02
Transfer to retained earnings	-	-	-	50.00	(50.00)	-	-	-
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>59.55</b>	<b>212.17</b>	<b>503.77</b>	<b>1,749.95</b>	<b>0.28</b>	<b>28.92</b>	<b>2,554.64</b>
Total Comprehensive Income for the period	-	-	-	-	193.33	-	8.44	201.77
Transfer to retained earnings	-	-	-	-	-	-	-	-
Utilized for issue of bonus shares	-	-	5.78	(141.91)	-	-	-	(136.13)
<b>Balance as at September 30, 2021</b>	<b>-</b>	<b>59.55</b>	<b>217.95</b>	<b>361.85</b>	<b>1,943.28</b>	<b>0.28</b>	<b>37.36</b>	<b>2,620.28</b>

\* Refer Note 50

The above Annexure should be read with the Basis of Preparation and Significant Accounting Policies appearing in Annexure V, Notes to the Restated Consolidated Financial Information appearing in Annexure VI and Statement of Adjustments to the Restated Consolidated Financial information appearing in Annexure VII.

As per our report of even date attached

**For Oswal Sunil & Company**

**Chartered Accountants**

**Firm Reg. No.: 016520N**

--Sd--

**Sunil Bhansali**

**Partner**

**M.No.: 054645**

New Delhi, November 09, 2021

**For and on behalf of the Board**

--Sd--

**Kamal Sethia**

**Managing Director**

**DIN: 00081116**

--Sd--

**Raj Karan Chhajer**

**Chief Financial Officer**

**PAN: AAAPC0561C**

New Delhi, November 09, 2021

--Sd--

**Sanjeev Sethia**

**Whole Time Director**

**DIN: 00354700**

--Sd--

**Avinash Karwa**

**Company Secretary**

**M.No.: A20424**

## **1. Corporate information**

The Restated Consolidated Financial Information comprise financial information of Elin Electronics Limited ('the Company' or 'the Parent Company') and its subsidiary, Elin Appliances Private Limited, (collectively, 'the Group'). The Company was incorporated in India on March 26, 1982 under the provisions of the Companies Act, 2013 (CIN U29304WB1982PLC034725). The Group are engaged in the business of Electronics Manufacturing Services. The registered office of the company is located at 143, Cotton Street, Kolkata, West Bengal- 700007.

The Restated Consolidated Financial Information is approved for issue by the Company's Board of Directors in their meeting held on November 09, 2021.

## **2. Significant accounting policies**

### **2.1 Basis of preparation**

The restated consolidated statement of assets and liabilities of the Group as at September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the restated consolidated information of profit and loss (including other comprehensive income), the restated consolidated information of changes in equity and the restated consolidated information of cash flows for each of the period/year ended September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, and restated other consolidated financial information (together referred as 'Restated Consolidated Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

The Restated Consolidated Financial Information have been compiled by the Group from:

1. The audited special purpose interim consolidated financial statements of the Group as at and for the six months period ended September 30, 2021 prepared in accordance with recognition and measurement principles under Indian Accounting Standard ('Ind AS') 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on November 09, 2021.
2. Audited Special purpose consolidated financial statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 being prepared by the management in accordance with the Indian Accounting Standard (Ind AS) (the "Special Purpose Ind AS Consolidated Financial Statements") by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP" or "Previous GAAP")) and other accounting principles generally accepted in India, at the relevant time, which have been approved by the Board of Directors at their meeting held on July 16, 2021, September 16, 2020 and June 14, 2019, respectively. Special Purpose Ind AS Consolidated Financial Statements as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 are approved by the Board of directors at their meeting held on November 09, 2021.

The Special Purpose Ind AS Consolidated Financial Statements of the Company as at and for the years ended March 31, 2020 and March 31, 2019 prepared after incorporating Ind AS adjustments to align accounting policies, exemptions and disclosures as adopted by the Company on its first time adoption of Ind AS as on the transition date. Also, refer to note 2.2 and 47.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows (Refer Note 47 to Annexure VI).

The Restated Consolidated Financial Information has been prepared by the management in connection with the proposed listing of equity shares of the Company by way of Initial Public Offering (“IPO”), to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, West Bengal and the concerned Stock Exchange in accordance with the requirements of:

- (i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (“the Act”);
- (ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India (‘SEBI’), as amended, in pursuance of the Securities and Exchange Board of India Act, 1992; and
- (iii) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (‘ICAI’).

The Restated Consolidated Financial Information has been compiled by the Company from the Audited Financial Statements and Special Purpose Ind AS Consolidated Financial Statements of the Company and its subsidiary company and:

- a. have been made after incorporating adjustments for the changes in accounting policies retrospectively irrespective financial years to reflect the same accounting treatment as per changed accounting policies for all the reporting periods;
- b. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
- c. Other remarks / comments in the Annexure to the Auditor's report on the financial statements of the Company which do not require any corrective adjustments in the Restated Consolidated Financial Information are disclosed in Annexure VII of the Restated Consolidated Financial Information;
- d. adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per consolidated financial statements of the Group as at and for the period ended September 30, 2021 prepared under Ind AS and the requirements of the SEBI Regulations, and
- e. the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective years to which they relate.

#### Functional and presentation currency

Items included in the Restated Consolidated Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Restated Consolidated Financial Information are presented in Indian rupee (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest million, up to two places of decimal, unless otherwise indicated. Amounts having absolute value of less than INR 1,00,000 have been rounded and are presented as INR 0.00 Millions in the Restated Consolidated Financial Information.

#### Basis of measurement

The restated Consolidated financial information has been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets (except trade receivables and contract assets which are measured at transaction cost) and liabilities (including derivative)	Fair value
Defined benefits liability	Present value of defined benefits obligations

## 2.2 Basis of consolidation

The restated consolidated financial information of the Company and its subsidiary is combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra- group balances and intra-group transactions. Profits or losses resulting from intra-group transactions are eliminated in full. The Restated Consolidated Financial Information have been prepared using uniform accounting policies for like transactions

and other events in similar circumstances. The carrying amount of the Company's investment in subsidiary is offset (eliminated) against the Parent Company's portion of equity in subsidiary.

The detail of consolidated entity as follows:

Name of subsidiary	Country of incorporation	Percentage of ownership			
		As at September 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 #
Elin Appliances Private Limited	India	100%	100%	100%	100%

# Acquire 62.5% Equity Share Capital of Elin Appliances Private Limited pursuant to the scheme of arrangement which was approved by The Hon'ble National Company Law Tribunal, Kolkata Bench on by its Order dated September 26, 2019 (also refer note 50)

### 2.3 Summary of significant accounting policies

A summary of the significant accounting policies applied in the preparation of the Restated Consolidated Financial Information are as given below. These accounting policies have been applied consistently to all periods presented in the Restated Consolidated Financial Information.

#### 2.3.1 Current vs non-current classification

The Group presents assets and liabilities in the restated consolidated statement of assets and liabilities based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization incash and cash equivalents. The Group has identified twelve months as its operating cycle.

#### 2.3.2 Business combination

Ind AS 103, Business Combinations, prescribes significantly different accounting for business combinations which are not under common control and those under common control.

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method.

The pooling of interest method is considered to involve the following:

- (a) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (b) No adjustments are made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonies accounting policies.
- (c) The financial information in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the Restated Consolidated Financial Information, irrespective of the actual date of the business combination.
- (d) The identity of the reserves has been preserved and appear in the financial information of the transferee in the same form in which they appeared in the financial information of the transferor.
- (e) The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

### **2.3.3 Property, plant and equipment**

#### Recognition and Initial Measurement

Property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of each item can be measured reliably. Property, plant and equipment are initially stated at their cost.

Cost of asset includes:

- a) Purchase price, net of any trade discounts and rebates
- b) Cost directly attributable to the acquisition of the assets which incurred in bringing asset to its working condition for the intended use
- c) Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

#### Subsequent measurement

Property, plant and equipment are subsequently measured at cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the expenditure can be measured reliably.

#### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all the items of property, plant and equipment recognized as at 1 April 2020, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. The Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. 1 April 2020 while preparing Restated Consolidated Ind AS Financial Information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019. Also, refer note 47 of Annexure VI.

#### Depreciation and useful lives

Depreciation on property, plant and equipment is provided on straight line basis over the estimated useful lives of the assets as specified in schedule II of the Companies act, 2013 except for assets used in manufacturing of Medical Products which are depreciated over a period of 3 years based on the management's internal assessment.

<b>Particulars</b>	<b>Useful life as per Schedule II</b>
Computers	3 Years
Servers	6 Years
Office Equipment	5 Years
Furniture and fixtures	10 Years
Plant & Machinery	15 Years
Plant & Machinery (for medical products)	3 Years
Dies, tools and Moulds	15 Years
Factory Building	30 Years
Building (other than factory building)	60 Years
Electric Installation and Equipments	10 Years
Motor Cycles	10 Years
Motor Vehicles & Lorry	8 Years

Depreciation on additions to/deductions from property, plant and equipment during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed. Each part of an item of property, plant and equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

#### Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated consolidated statement of profit and loss when the asset is derecognized.

#### **2.3.4 Intangible assets**

Intangible assets (Other than goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line basis over the estimated useful life. Estimated useful life of the software is considered as 3 years. Amortisation methods, useful lives and residual values are reviewed in each financial year / period end and changes, if any, are accounted for prospectively. An intangible asset is de-recognised 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 the Restated Consolidated statement of Profit and Loss.

#### **2.3.5 Impairment of non-financial assets**

At each reporting date, the Group assesses, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss, including impairment on inventories are recognized in the restated consolidated statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period. Such reversal is recognized in the restated consolidated statement of profit and loss.

### 2.3.6 Inventories

- a) Inventories (which comprise traded goods) are valued at the lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in First out (FIFO) basis.
- b) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on an item-by-item basis.

### 2.3.7 Revenue recognition

Revenue is measured at the transaction price that is allocated to the performance obligation and it excludes amounts collected on behalf of third parties and is adjusted for variable considerations. Any subsequent change in the transaction price is then allocated to the performance obligations in the contract on the same basis as at contract inception. The Group recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Group estimates the amount of revenue to be recognized on variable consideration using the most likely amount method. Consequently, amounts allocated to a satisfied performance obligation are recognized as revenue, or as a reduction of revenue, in the period in which the transaction price changes. Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price.

#### a) Sale of products and Services

Revenue from sale of products is recognized at the point in time when control of the goods is transferred to the customer at the time of shipment to or receipt of goods by the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

The goods and service tax (GST) is not received by the Group on its own account. Rather, it is tax collected on behalf of the government. Accordingly, it is excluded from revenue.

#### b) Other Revenue

- **Interest income:** Interest income is recognized as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.
- **Dividends:** Dividend income is recognized when the right to receive payment is established.

- **Rental income:** Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the Statement of Profit and Loss.
- **Insurance Claims:** Insurance claims are accounted for as and when admitted by the concerned authority.

c) **Contract balances**

- **Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- **Trade receivables:** A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).
- **Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

d) **Right of return**

The Group provides a customer with a right to return in case of any defects or on grounds of quality. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

The Group has adopted Ind AS 115 from April 01, 2020 using the modified retrospective approach by applying Ind AS 115 to all the contracts that are not completed on April 01, 2020. The application of Ind AS 115 did not have any material impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the Group. The Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions available as per Ind AS 101) as initially adopted on transition date i.e. April 01, 2020 while preparing Restated Consolidated Ind AS Financial Information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

The Group has also applied the practical expedient under Ind AS 115 for incremental cost of obtaining a contract and has recognized such cost as an expense when incurred if the amortization period of the asset is one year or less.

### 2.3.8 Taxes

a) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with relevant tax regulations. Current tax is determined as the tax payable in respect of taxable income for the period and is computed in accordance with relevant tax regulations. Current tax is recognized in restated consolidated statement of profit and loss except to the extent it relates to items recognized outside profit or loss in which case it is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in relation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes current tax payable where appropriate.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in restated consolidated statement of profit and loss except to the extent it relates to items recognized outside profit or loss, in which case is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### **2.3.9 Foreign currencies**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date are converted to functional currency using the closing rate (Closing selling rates for liabilities and closing buying rate for assets). Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on settlement of monetary items, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the restated consolidated statement of profit and loss in the period in which they arise. These exchange differences are presented in the restated consolidated statement of profit and loss on net basis.

### **2.3.10 Employee benefit**

#### **a) Short-term employee benefits**

Employee benefits such as salaries, short term compensated absences, and other benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and undiscounted amount of such benefits are expensed in the restated consolidated statement of profit and loss in the period in which the employee renders the related services.

#### **b) Post-employment benefits**

- **Defined Contribution Plan:** A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contribution towards provident fund ('PF') and employee state insurance scheme ('ESI') which is a defined contribution plan. The Group's contribution is recognized as an expense in the restated consolidated statement of profit and loss during the period in which the employee renders the related service.

- **Defined Benefit Plan:** A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under such plans, the obligation for any benefits remains with the Group. The Group's liability towards gratuity is in the nature of defined benefit plan.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Group makes periodic contributions to the Kotak Mahindra Old Mutual Life Insurance Limited, Bajaj Allianz Life Insurance Co. Ltd and Birla Sun Life Insurance Co. Ltd for the Gratuity Plan in respect of employees.

The liability in respect of gratuity is accrued in the books of accounts on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.

The Group's net obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at each reporting date.

Re-measurement, comprising actuarial gains and losses, is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to restated consolidated statement of profit and loss.

Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognized in the restated consolidated statement of profit and loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

#### c) **Other long-term employee benefits**

Benefits under the Group's compensated absences constitute other long-term employee benefits, recognized as an expense in the restated consolidated statement of profit and loss for the period in which the employee has rendered services. The obligation recognized in respect of these long-term benefits is measured at present value of the obligation based on actuarial valuation using the Projected Unit credit method.

Long term employee benefit costs comprising current service cost, interest cost and gains or losses on curtailments and settlements, re-measurements including actuarial gains and losses are recognized in the restated consolidated statement of profit and loss as employee benefit expenses.

#### **2.3.11 Cash and cash equivalents**

Cash and cash equivalent include cash on hand, cash at banks and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the restated consolidated statement of cash flows, cash and cash equivalents consist of unrestricted cash and short-term deposits, as defined above as they are considered an integral part of the Group's cash management.

### 2.3.12 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan. All other borrowing costs are recognised in the Restated consolidated statement of profit and loss in the period in which they are incurred.

### 2.3.13 Provisions, contingent assets and contingent liabilities

#### a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risk and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### b) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation or present obligations that may but probably will not, require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

These are reviewed at each financial reporting date and adjusted to reflect the current best estimates.

#### c) Contingent assets

Contingent assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

### 2.3.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

#### a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the restated consolidated statement of profit and loss.

#### **ii) Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in financial liabilities

#### **iii) Short term lease and leases of low value assets**

The Group applies the short-term lease recognition exemption to its short-term leases contracts including lease of residential premises and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### **iv) Single discount rate**

The Group has applied the available practical expedient with respect to single discount rate where single discount rate is used for portfolio of leases with reasonably similar characteristics.

The Group has given adjustments for lease accounting in accordance with Ind AS 116 from April 01, 2020, and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the restated consolidated statement of assets and liabilities.

The Group has adopted Ind AS 116 by applying exemption provided under Ind AS 101. Following approach is followed on transition date when applying Ind AS 116 initially:

- a. lease liability is recognized, for leases which were previously classified as operating leases, by measuring the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- b. a right of use assets is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the restated consolidated statement of assets and liabilities immediately before the date of initial application

#### **b) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **2.3.13 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

#### **a) Financial assets**

##### Initial recognition and measurement

A financial asset (except trade receivable and contract asset) is recognised initially at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ('FVTPL') are recognised immediately in the Restated Consolidated Statement of Profit and Loss.

##### Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI — equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (designated as FVOCI — equity investment). The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income ('OCI'). There is no recycling of the amounts from OCI to the Restated Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Consolidated Statement of Profit and Loss.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. For purposes of subsequent measurement, financial assets are classified in following categories:

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the Restated Consolidated Statement of Profit and Loss.

*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Restated Consolidated Statement of Profit and Loss.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Impairment of financial assets*

Expected credit loss (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 cash shortfalls), discounted at the original EIR.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are measured at amortized cost e.g., deposits, trade receivables and bank balance.
- (b) Financial assets that are measured as at FVTOCI
- (c) Lease receivables under Ind AS 116
- (d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, 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-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a 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 recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the restated consolidated statement of profit and loss. ECL for financial assets measured as at amortized cost and contractual revenue receivables is presented as an allowance, i.e., as an integral part of the measurement of those assets

in the Restated Consolidated Statement of Assets and Liabilities. 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.

The Group does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its restated consolidated statement of assets and liabilities but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

### **b) Financial liabilities**

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### (i) Financial liabilities at fair value through profit or loss

The Group has not designated any financial liabilities at FVTPL.

#### (ii) Financial liabilities at amortized cost

After initial recognition, Loans, borrowings, trade payables and other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense is recognized in the restated consolidated statement of profit and loss. Any gain or loss on derecognition is also recognized in the restated consolidated statement of profit and loss.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the restated consolidated statement of profit and loss.

### **c) Reclassification of financial assets and liabilities**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

#### **d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the restated consolidated statement of assets and liabilities if there is a currently enforceable contractual legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **2.3.14 Fair value measurement**

The Group measures financial instruments at fair value at each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Consolidated Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the Restated Consolidated Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be measured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Above is the summary of accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### **2.3.15 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding 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. The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

### **2.3.16 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the Company.

The business of the Group falls within a single line of business i.e. electronics manufacturing services. All other activities of the Group revolve around its main business. Hence, no separate reportable primary segment.

### **2.3.17 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Restated consolidated statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

### **2.3.18 Restated consolidated statement of cash flows**

The restated consolidated statements of cash flows is made using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferral accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing of cash flows. The cash flows from operating, financing and investing activities of the Group are segregated.

### **2.3.19 Significant accounting estimates and judgments**

The estimates used in the preparation of the Restated Consolidated Financial Information of each period/year presented are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date. Although the Group regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognized in the Restated Consolidated Financial Information in the period in which they become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

### Significant judgements

- ***Allowances for uncollected trade receivables***

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amount are based on ageing of the receivable balances and historical experiences. Individual trade receivables are written off when management deems not becollectible.

- ***Contingencies***

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. There are certain obligations which managements have concluded based on all available facts and circumstances are not probable of payment or difficult to quantify reliably and such obligations are treated as contingent liabilities and disclosed in notes Although there can be no assurance of the final outcome of legal proceedings in which the Group is involved. it is not expected that such contingencies will have material effect on its financial position of probability.

- ***Impairment of other financial assets***

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation., based on the Group's past history, existing market conditions as wellas forward looking estimates at the end of each reporting period.

- ***Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes current tax payable, based on reasonable estimates. The amount of such current tax payable is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the Group.

- ***Recoverability of deferred taxes***

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxableprofit will be available against which the losses can be utilized. Significant management judgementis required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair valueless costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ('DCF') model.

### Significant estimates

- ***Defined benefit plans***

The costs of post-retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- ***Useful lives of property, plant and equipment and intangible assets***

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. At the end of the current reporting period, the management determined that the useful lives of property, plant and equipment and intangible assets at which they are currently being depreciated represent the correct estimate of the lives and need no change.

- ***Leases - Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

- ***Determining the lease term of contracts with renewal and termination options — Group as lessee***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

- ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the restated consolidated statement of assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**ELIN ELECTRONICS LIMITED**
**Annexure VI : Notes to Restated Consolidated Financial Information**
*(All amounts are in INR Millions, unless otherwise stated)*
**3 Property, Plant and Equipment**

Particulars	Plant and Machinery	Building	Dies, Moulds & Tools	Electrical Installations	Furniture and Fixtures	Office Equipment's	Computers	Vehicles	Land (Leasehold)	Land (Freehold)	Total
<b>Gross Carrying Value</b>											
<b>Balance as at April 1, 2018 (Deemed Cost)</b>	<b>998.31</b>	<b>666.14</b>	<b>118.45</b>	<b>128.39</b>	<b>39.05</b>	<b>8.04</b>	<b>24.36</b>	<b>45.73</b>	<b>104.64</b>	<b>21.30</b>	<b>2,154.40</b>
Additions	227.80	21.56	38.94	6.36	4.11	2.06	3.61	10.37	-	-	314.81
Disposals / Adjustments	34.98	-	9.67	0.71	0.19	0.03	0.62	4.45	-	-	50.66
<b>Balance as at March 31, 2019</b>	<b>1,191.13</b>	<b>687.70</b>	<b>147.71</b>	<b>134.04</b>	<b>42.97</b>	<b>10.06</b>	<b>27.35</b>	<b>51.65</b>	<b>104.64</b>	<b>21.30</b>	<b>2,418.55</b>
Additions	202.14	50.36	44.15	20.34	4.72	1.36	3.86	3.13	-	-	330.05
Disposals / Adjustments	23.88	-	4.64	1.23	0.34	0.04	0.59	2.33	-	-	33.05
<b>Balance as at March 31, 2020</b>	<b>1,369.39</b>	<b>738.05</b>	<b>187.22</b>	<b>153.15</b>	<b>47.35</b>	<b>11.37</b>	<b>30.62</b>	<b>52.45</b>	<b>104.64</b>	<b>21.30</b>	<b>2,715.55</b>
Additions	127.60	8.02	37.24	4.69	6.01	3.05	4.97	4.93	-	-	196.51
Disposals / Adjustments	50.87	-	11.24	0.44	0.06	0.19	0.57	3.65	-	-	67.03
<b>Balance as at March 31, 2021</b>	<b>1,446.12</b>	<b>746.07</b>	<b>213.22</b>	<b>157.40</b>	<b>53.30</b>	<b>14.23</b>	<b>35.02</b>	<b>53.72</b>	<b>104.64</b>	<b>21.30</b>	<b>2,845.03</b>
Additions	106.16	0.63	47.09	5.50	0.38	0.30	2.73	-	-	-	162.78
Disposals / Adjustments	-	-	0.49	-	-	-	-	0.06	-	-	0.54
<b>Balance as at Sep 30, 2021</b>	<b>1,552.28</b>	<b>746.71</b>	<b>259.83</b>	<b>162.90</b>	<b>53.68</b>	<b>14.53</b>	<b>37.75</b>	<b>53.66</b>	<b>104.64</b>	<b>21.30</b>	<b>3,007.27</b>
<b>Accumulated depreciation and impairment</b>											
<b>Balance as at April 1, 2018 (Deemed Cost)</b>	<b>557.80</b>	<b>257.04</b>	<b>75.53</b>	<b>82.15</b>	<b>27.78</b>	<b>6.50</b>	<b>19.48</b>	<b>31.11</b>	<b>9.64</b>	<b>-</b>	<b>1,067.03</b>
Depreciation & Impairment	38.98	14.48	4.26	5.68	1.53	0.54	2.03	3.00	2.14	-	72.64
Disposals / Adjustments	29.98	-	5.97	0.68	0.19	0.03	0.59	4.20	-	-	41.62
<b>Balance as at March 31, 2019</b>	<b>566.80</b>	<b>271.51</b>	<b>73.82</b>	<b>87.15</b>	<b>29.11</b>	<b>7.01</b>	<b>20.93</b>	<b>29.92</b>	<b>11.79</b>	<b>-</b>	<b>1,098.04</b>
Depreciation & Impairment	53.07	15.40	6.88	6.72	1.96	0.78	3.27	3.57	2.14	-	93.78
Disposals / Adjustments	16.42	-	0.12	0.92	0.32	0.04	0.56	2.11	-	-	20.50
<b>Balance as at March 31, 2020</b>	<b>603.45</b>	<b>286.92</b>	<b>80.58</b>	<b>92.95</b>	<b>30.75</b>	<b>7.75</b>	<b>23.63</b>	<b>31.38</b>	<b>13.93</b>	<b>-</b>	<b>1,171.33</b>
Depreciation & Impairment	68.75	16.76	10.10	7.81	2.37	1.11	3.70	3.83	2.14	-	116.58
Disposals / Adjustments	42.95	-	0.39	0.41	0.06	0.19	0.55	3.48	-	-	48.03
<b>Balance as at March 31, 2021</b>	<b>629.25</b>	<b>303.68</b>	<b>90.28</b>	<b>100.36</b>	<b>33.07</b>	<b>8.66</b>	<b>26.78</b>	<b>31.74</b>	<b>16.07</b>	<b>-</b>	<b>1,239.88</b>
Depreciation & Impairment	41.02	8.49	6.95	3.97	1.31	0.74	2.26	2.06	1.07	-	67.88
Disposals / Adjustments	-	-	0.02	-	-	-	-	0.05	-	-	0.06
<b>Balance as at Sep 30, 2021</b>	<b>670.27</b>	<b>312.17</b>	<b>97.22</b>	<b>104.32</b>	<b>34.38</b>	<b>9.41</b>	<b>29.04</b>	<b>33.75</b>	<b>17.14</b>	<b>-</b>	<b>1,307.70</b>
<b>Net Carrying Value</b>											
Balance as at April 1, 2018 (Deemed Cost)	440.51	409.10	42.92	46.24	11.27	1.53	4.88	14.62	95.00	21.30	1,087.37
Balance as at March 31, 2019	624.32	416.18	73.89	46.90	13.86	3.05	6.42	21.73	92.85	21.30	1,320.51
Balance as at March 31, 2020	765.94	451.14	106.64	60.20	16.60	3.63	6.99	21.06	90.71	21.30	1,544.22
Balance as at March 31, 2021	816.87	442.39	122.94	57.04	20.24	5.57	8.24	21.98	88.57	21.30	1,605.15
<b>Balance as at Sep 30, 2021</b>	<b>882.01</b>	<b>434.54</b>	<b>162.61</b>	<b>58.57</b>	<b>19.30</b>	<b>5.13</b>	<b>8.71</b>	<b>19.91</b>	<b>87.50</b>	<b>21.30</b>	<b>1,699.57</b>

**Notes:**

1. The Group has elected Ind AS 101 exemption to continue with the carrying value for all of its Property, Plant and Equipment as its deemed cost as at the date of transition. Refer note 47 for a reconciliation of deemed cost as considered by the Group.

2. The Group had received approval to get Capital Subsidies for additional investments in manufacturing plant at Plot No.C-142, 143, 144, 144/1, 144/2, Site No.1, BullandShahar Road, Ghaziabad, Uttar Pradesh, 201009 under Modified Special Incentive Package Scheme (MSIPS) notified vide M-SIPS Policy Gazette Notification No. 175 dated 27-07-2012 and revised Notification dated 03-08-2015 as modified from time to time by the Ministry of Electronics and Information Technology, Department of Information Technology, vide Approval Letter No. 27(29)/2013-IPHW dated 03-07-2014 and Approval letter no.27(215)/2015-IPHW dt.22-11-2017. Also, the Company is in process of availing capital subsidy under Industrial Development Scheme 2017 of Department for Promotion of Industries & Internal Trade, Himachal Pradesh. Under the said schemes, the Company has submitted its claims before the respective authorities for sanctioning the claim, which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

3. Refer Note 20 and 22 for details of assets pledged.

**ELIN ELECTRONICS LIMITED**
**Annexure VI : Notes to Restated Consolidated Financial Information**
*(All amounts are in INR Millions, unless otherwise stated)*
**4 Capital work-in-progress**

Particulars	Buildings	Plant & Machinery	Total
<b>Balance as at April 1, 2018</b>	-	<b>18.99</b>	<b>18.99</b>
Additions	1.57	2.53	4.09
Disposals / Adjustments	-	(18.99)	(18.99)
<b>Balance as at March 31, 2019</b>	<b>1.57</b>	<b>2.53</b>	<b>4.09</b>
Additions	-	-	-
Disposals / Adjustments	(1.29)	(2.53)	(3.82)
<b>Balance as at March 31, 2020</b>	<b>0.28</b>	-	<b>0.28</b>
Additions	0.56	-	0.56
Disposals / Adjustments	(0.28)	-	(0.28)
<b>Balance as at March 31, 2021</b>	<b>0.56</b>	-	<b>0.56</b>
Additions	75.67	-	75.67
Disposals / Adjustments	-	-	-
<b>Balance as at September 30, 2021</b>	<b>76.23</b>	-	<b>76.23</b>

**4.1 Capital work-in-progress ageing schedule**

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Balance as at April 1, 2018	18.99	-	-	-	<b>18.99</b>
Balance as at March 31, 2019	4.09	-	-	-	<b>4.09</b>
Balance as at March 31, 2020	-	0.28	-	-	<b>0.28</b>
Balance as at March 31, 2021	0.56	-	-	-	<b>0.56</b>
<b>Balance as at September 30, 2021</b>	<b>76.23</b>	-	-	-	<b>76.23</b>

4.2 As on the date of the financial statement, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

**5 Intangible Assets (other than goodwill)**

Particulars	Computer software
<b>Gross Carrying Value</b>	
<b>Balance as at April 1, 2018 (Deemed Cost)</b>	<b>6.68</b>
Additions	1.05
Disposals / Adjustments	-
<b>Balance as at March 31, 2019</b>	<b>7.73</b>
Additions	-
Disposals / Adjustments	-
<b>Balance as at March 31, 2020</b>	<b>7.73</b>
Additions	7.55
Disposals / Adjustments	-
<b>Balance as at March 31, 2021</b>	<b>15.27</b>
Additions	-
Disposals / Adjustments	-
<b>Balance as at Sep 30, 2021</b>	<b>15.27</b>
<b>Accumulated depreciation and impairment</b>	
<b>Balance as at April 1, 2018 (Deemed Cost)</b>	<b>5.90</b>
Depreciation for the year	0.35
Disposals / Adjustments	-
<b>Balance as at March 31, 2019</b>	<b>6.25</b>
Depreciation for the year	0.54
Disposals / Adjustments	-
<b>Balance as at March 31, 2020</b>	<b>6.78</b>
Depreciation for the year	1.76
Disposals / Adjustments	-
<b>Balance as at March 31, 2021</b>	<b>8.54</b>
Depreciation for the period	1.38
Disposals / Adjustments	-
<b>Balance as at Sep 30, 2021</b>	<b>9.92</b>
<b>Net Carrying Value</b>	
Balance as at April 1, 2018 (Deemed Cost)	0.78
Balance as at March 31, 2019	1.48
Balance as at March 31, 2020	0.94
Balance as at March 31, 2021	6.73
<b>Balance as at Sep 30, 2021</b>	<b>5.35</b>

6 Non-Current Financial Assets - Investments

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unquoted</b>				
<b>Investments - Non-Trade</b>				
Investments in Equity instruments	0.58	0.58	0.51	0.42
Investments in Others	-	-	-	0.50
<b>Total</b>	<b>0.58</b>	<b>0.58</b>	<b>0.51</b>	<b>0.92</b>

6.1 Detail of Non-Current Investments

Particulars	Elcina Electronics Cluster Pvt Ltd (Face Value Rs. 10/- each)		Shivalik Waste Management Pvt Ltd (Face Value Rs. 10/- each)		Total Amount
	No. of Shares	Amount	No. of Shares	Amount	
<b>Financial assets measured at FVTOCI</b>					
<b>(i) Investment in equity instruments - Equity Shares</b>					
As at March 31, 2019	10,000	-	20,000	0.42	<b>0.42</b>
As at March 31, 2020	10,000	-	20,000	0.51	<b>0.51</b>
As at March 31, 2021	10,000	-	20,000	0.58	<b>0.58</b>
As at September 30, 2021	10,000	-	20,000	0.58	<b>0.58</b>
<b>Financial assets measured at FVTPL</b>					
<b>(ii) Investment in LIC Policy</b>					
As at March 31, 2019					<b>0.50</b>
As at March 31, 2020					-
As at March 31, 2021					-
As at September 30, 2021					-

6.2. Additional Disclosures:

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Aggregate carrying value of unquoted investments	0.58	0.58	0.51	0.92
Aggregate amount of impairment in value of investments	-	-	0.50	-

7 Other Financial Assets - Non Current

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, Considered Good</b>				
Bank deposits with more than 12 months maturity *	0.36	6.86	0.28	5.72
Security Deposit	17.74	18.14	17.76	16.16
<b>Total</b>	<b>18.10</b>	<b>25.00</b>	<b>18.04</b>	<b>21.88</b>

\* Above bank deposits are held as margin money/securities with banks.

8 Deferred tax assets / (liabilities) (net)

Deferred income tax reflect the net tax effects of temporary difference between the carrying amount of assets and liabilities for the financial reporting purposes and the amounts used for income tax purposes. Significant component of the Group's net deferred income tax are as follows:-

Particulars	Defined benefit obligation	Property, plant and equipment	Provisions & others	MAT Entitlement	Total
<b>As at 1 April, 2018</b>	<b>3.61</b>	<b>(22.92)</b>	<b>10.80</b>	<b>6.55</b>	<b>(1.95)</b>
(Changed)/Credited:					
- to Statement of profit and loss	(1.88)	(29.03)	0.14	-	(30.77)
- to other comprehensive income	2.86	-	-	-	2.86
- to current tax liability	-	-	-	0.22	0.22
<b>As at 31 March, 2019</b>	<b>4.59</b>	<b>(51.95)</b>	<b>10.94</b>	<b>6.77</b>	<b>(29.64)</b>
(Changed)/Credited:					
- to Statement of profit and loss	3.09	(23.69)	(1.18)	-	(21.78)
- to other comprehensive income	(4.21)	-	-	-	(4.21)
- to current tax liability	-	-	-	0.03	0.03
<b>As at 31 March, 2020</b>	<b>3.48</b>	<b>(75.63)</b>	<b>9.76</b>	<b>6.80</b>	<b>(55.59)</b>
(Changed)/Credited:					
- to Statement of profit and loss	(0.59)	(13.35)	(2.50)	-	(16.45)
- to other comprehensive income	1.22	-	-	-	1.22
- to current tax liability	-	-	-	(6.80)	(6.80)
<b>As at 31 March, 2021</b>	<b>4.10</b>	<b>(88.98)</b>	<b>7.25</b>	<b>-</b>	<b>(77.63)</b>
(Changed)/Credited:					
- to Statement of profit and loss	2.52	(7.44)	2.53	-	(2.39)
- to other comprehensive income	(2.84)	-	-	-	(2.84)
<b>As at 30 September, 2021</b>	<b>3.78</b>	<b>(96.42)</b>	<b>9.78</b>	<b>-</b>	<b>(82.86)</b>

9 Other Non-Current Assets

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, Considered Good</b>				
Capital Advances	144.13	188.23	150.33	185.01
<b>Total</b>	<b>144.13</b>	<b>188.23</b>	<b>150.33</b>	<b>185.01</b>

10 Inventories (at cost or net realisable value whichever is lower)

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Inventories (As Certified and valued by the management)</b>				
Raw Materials	721.11	772.35	455.55	533.79
Raw Materials in transit	5.95	2.40	9.11	4.32
	<b>727.07</b>	<b>774.75</b>	<b>464.66</b>	<b>538.10</b>
Work-in-progress	284.90	267.02	186.93	166.27
Finished goods	92.08	88.00	127.74	92.80
Stock-in-trade	-	-	-	0.05
Stores and Spares	23.67	20.16	19.66	20.86
<b>Total</b>	<b>1,127.71</b>	<b>1,149.93</b>	<b>799.00</b>	<b>818.08</b>

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**ELIN ELECTRONICS LIMITED**
**Annexure VI : Notes to Restated Consolidated Financial Information**
*(All amounts are in INR Millions, unless otherwise stated)*
**11 Current Financial Assets - Investments**

Particulars	As at	As at	As at	As at
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Unquoted Investments</b>				
(i) Investments in Mutual Funds	140.31	135.61	250.80	133.08
<b>Total</b>	<b>140.31</b>	<b>135.61</b>	<b>250.80</b>	<b>133.08</b>

**11.1 Detail of Current Financial Assets - Investments**

Particulars	As at September 30, 2021		As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
<b>Financial assets carried at fair value through statement of profit or loss (FVTPL)</b>								
<b>Investments in mutual funds - Unquoted Investment</b>								
HDFC Group Unit Linked Plan Option B	1,59,938.09	11.40	1,59,938.09	11.09	1,59,721.61	10.50	1,54,653.51	9.31
HDFC Arbitrage Fund - Monthly-Dividend	-	-	-	-	3,99,443.01	4.32	3,99,443.01	4.31
L & T Tax Advantage Fund - Regular Dividend	1,01,936.80	2.69	1,01,936.80	2.29	1,01,936.80	1.45	1,01,936.80	2.17
L & T Tax Advantage Fund - Growth	52,511.50	4.16	52,511.50	3.53	52,511.50	2.06	52,511.50	2.83
L & T Tax Advantage Fund - Dividend Payout	2,01,296.35	5.32	2,01,296.35	4.52	2,01,296.35	2.86	2,01,296.35	4.28
L & T Low Duration Fund- Growth	-	-	-	-	4,35,100.16	9.13	4,35,100.16	8.72
ICICI Prudential Floating Interest Fund - Growth	-	-	-	-	82,402.51	24.74	47,736.68	13.28
ICICI Prudential Bluechip Fund - Growth	-	-	-	-	1,14,479.52	3.64	-	-
ICICI Prudential Ultra Short Term Fund - Growth	-	-	-	-	5,35,642.58	10.91	-	-
Reliance Balance Advantage Fund - Growth Plan Growth Option	-	-	-	-	-	-	3,04,334.90	27.69
Axis Banking & PSU DBT Fund	-	-	-	-	7,825.79	14.96	-	-
Axis Bluechip Fund	-	-	-	-	1,65,234.63	4.30	-	-
Axis Banking & Psu Debt Fund-Regular Growth	55,440.71	116.74	55,440.71	114.17	52,941.00	101.19	-	-
Nippon India Arbitrage Fund - Monthly Dividend	-	-	-	-	55,26,363.41	58.97	55,26,363.41	58.72
Nippon India Ultra Short Duration Fund- Growth Option-Growth Plan	-	-	-	-	611.46	1.77	611.46	1.78
Nippon India Ultra Short Duration Fund- Segregated Portfolio1- Growth Plan	-	-	-	-	611.46	0.02	-	-
<b>Total Current Investments at FVTPL</b>		<b>140.31</b>		<b>135.61</b>		<b>250.80</b>		<b>133.08</b>
Aggregate carrying value of unquoted investments		140.31		135.61		250.80		133.08
Aggregate amount of impairment in value of investments		-		-		-		-

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**ELIN ELECTRONICS LIMITED**
**Annexure VI : Notes to Restated Consolidated Financial Information**
*(All amounts are in INR Millions, unless otherwise stated)*
**12 Current Financial Assets - Trade Receivables**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Trade Receivables</b>				
Unsecured, considered good	2,144.04	1,828.40	909.31	1,376.65
Which have significant increase in credit risk	-	-	-	-
Less: expected credit loss allowance	(2.33)	(2.08)	(1.10)	(1.99)
<b>Total</b>	<b>2,141.71</b>	<b>1,826.32</b>	<b>908.21</b>	<b>1,374.66</b>
<b>Movement in the expected credit loss allowance of trade receivables are as follows:</b>				
Balance at the Beginning of the year / period	2.08	1.10	1.99	2.53
Add: Provided during the year / period	0.25	0.99	0.83	0.42
Less: Amount written off	-	0.00	1.72	0.95
<b>Balance at the end of the year / period</b>	<b>2.33</b>	<b>2.08</b>	<b>1.10</b>	<b>1.99</b>

**12.1 Trade Receivables Ageing Schedule:**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Undisputed Trade receivables – considered good</b>				
Less than 6 months	2,135.38	1,823.93	902.15	1,364.58
6 months - 1 year	6.80	2.19	5.32	9.89
1 -2 years	1.58	1.89	1.73	1.46
2 -3 years	0.29	0.36	0.09	0.27
More than 3 years	-	0.03	0.01	0.44
<b>Total</b>	<b>2,144.04</b>	<b>1,828.40</b>	<b>909.31</b>	<b>1,376.65</b>
<b>Disputed Trade Receivables – considered good</b>				
Less than 6 months	-	-	-	-
6 months - 1 year	-	-	-	-
1 -2 years	-	-	-	-
2 -3 years	-	-	-	-
More than 3 years	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**12.2** In determining the allowance for trade receivables the Group has used practical expedients based on financial condition of the customers, ageing of the customer receivables & over-dues, availability of collaterals and historical experience of collections from customers. The concentration of risk with respect to trade receivables is reasonably low as most of the customers are large Corporate organisations though there may be normal delays in collections.

**13 Current Financial Assets - Cash & cash equivalents**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Cash &amp; Cash Equivalents</b>				
Balance with banks;				
- in current account	43.51	45.77	88.32	27.04
Cheques, drafts on hand;	-	0.00	0.19	1.50
Cash on hand;	1.75	0.98	2.22	2.63
<b>Total</b>	<b>45.27</b>	<b>46.76</b>	<b>90.73</b>	<b>31.17</b>

**14 Current Financial Assets - Other Bank Balances**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Bank Deposits having maturity less than 12 months *	7.66	7.03	12.42	1.62
<b>Total</b>	<b>7.66</b>	<b>7.03</b>	<b>12.42</b>	<b>1.62</b>

\* Above Bank deposits are held as margin money/securities with banks.

**ELIN ELECTRONICS LIMITED**  
**Annexure VI : Notes to Restated Consolidated Financial Information**  
*(All amounts are in INR Millions, unless otherwise stated)*

**15 Current Financial Assets - Loans**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Loans receivables - Unsecured</b>				
Which have significant increase in credit risk	5.83	5.83	5.83	5.44
Less: expected credit loss allowance	(5.83)	(5.83)	(5.83)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.44</b>
<b>Movement in the expected credit loss allowance of loans are as follows:</b>				
Balance at the Beginning of the year	5.83	5.83	-	-
Add: Provided during the year	-	-	5.83	-
Less: Amount written off	-	-	-	-
<b>Balance at the end of the year / period</b>	<b>5.83</b>	<b>5.83</b>	<b>5.83</b>	<b>-</b>

**16 Current Financial Assets - Other Financial Assets**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>				
Accrued Interest on Bank Deposits	0.11	0.29	0.69	0.16
Loans & Advances to Staff & Workers	9.88	9.93	9.67	17.41
<b>Total</b>	<b>10.00</b>	<b>10.22</b>	<b>10.36</b>	<b>17.58</b>

**17 Current Tax Assets / Liabilities**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Current Tax Assets</b>				
Advance Income Tax / TDS (net of provisions)	6.26	6.26	5.71	1.57
<b>Current Tax Liabilities</b>				
Income Tax Provisions (net of Advance Income Tax / TDS)	24.95	40.63	6.22	11.29

**18 Other Current Assets**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Unsecured, considered good</b>				
Indirect tax recoverable	4.18	5.98	17.27	4.42
Commercial tax receivable	2.05	2.05	1.46	1.22
Commercial Tax under Appeal	-	-	0.03	0.03
Goods & Service Tax Under Appeal	1.68	1.68	0.64	0.25
Provident Fund Under Appeal	1.17	1.17	1.17	1.17
Income Tax Under Appeal	2.17	2.17	2.17	2.17
Advance to Suppliers	48.40	34.21	27.97	28.26
Export Incentive receivables	2.07	0.83	2.44	1.89
Prepaid Expenses	38.34	25.83	30.83	19.96
<b>Total</b>	<b>100.05</b>	<b>73.92</b>	<b>83.96</b>	<b>59.37</b>

**ELIN ELECTRONICS LIMITED**  
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**19 A. Share Capital**

**(i) Authorised Share Capital**

Particulars	Equity Share Capital	
	No of Shares	Amount
<b>As at April 1, 2018</b>	<b>1,02,50,000</b>	<b>102.50</b>
Increase during the year	-	-
<b>As at March 31, 2019</b>	<b>1,02,50,000</b>	<b>102.50</b>
Increase during the year	-	-
<b>As at March 31, 2020</b>	<b>1,02,50,000</b>	<b>102.50</b>
Increase during the year	-	-
<b>As at March 31, 2021</b>	<b>1,02,50,000</b>	<b>102.50</b>
Increase during the period #	8,97,50,000	397.50
<b>As at September 30, 2021</b>	<b>10,00,00,000</b>	<b>500.00</b>

# Pursuant to a resolution of Board of Directors dated September 6, 2021 and the shareholders meeting dated September 30, 2021, the Authorized Share Capital of the Company has been increased from Rs. 102.50 millions consisting of 1,02,50,000 Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 500.00 millions consisting of 10,00,00,000 Equity Shares of Rs. 5/- each (Rupees Five only).

**(ii) Shares issued, subscribed and fully paid-up**

Particular	Equity Share Capital	
	No of Shares	Amount #
<b>As at April 1, 2018</b>	<b>49,56,700</b>	<b>49.57</b>
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
<b>As at March 31, 2019</b>	<b>49,56,700</b>	<b>49.57</b>
Add: Shares issued pursuant to scheme of amalgamation*	18,50,000	18.50
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
<b>As at March 31, 2020</b>	<b>68,06,700</b>	<b>68.07</b>
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
<b>As at March 31, 2021</b>	<b>68,06,700</b>	<b>68.07</b>
Add: Shares issued during the period	-	-
Add: Split of Shares into Face Value of Rs. 5 each	68,06,700	-
Add: Bonus shares issued in the ratio of 2 for every 1 share held	2,72,26,800	136.13
Less: Share bought back during the year	-	-
<b>As at September 30, 2021</b>	<b>4,08,40,200</b>	<b>204.20</b>

\* Refer Note 50

# Net off elimination on consolidation due to equity shares being held by subsidiary company

**(iii) Terms/right attached to Equity Shares**

The Group has one class of shares having a face value of Rs. 5/- per equity share (Previous Year ended March 31, 2021, 2020 and 2019 is Rs. 10/- per equity share). All equity shares rank equally with regard to dividends and share in the Group's residual assets. The equity shares are entitled to receive dividend as declared from time to time. Shareholders are entitled to one vote per equity share held in the Group. On winding up of the Group, the holders of equity shares will be entitled to receive the residual assets of the Group, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**(iv) Shares Split & Bonus Issue**

Pursuant to a resolution passed by our Board on September 6, 2021 and a resolution of shareholders dated, September 30, 2021, each equity share of face value of Rs. 10 each has been split into two equity shares of face value of Rs. 5 each. Accordingly, the issued, subscribed and paid up capital of our Company was subdivided from 68,06,700 equity shares of face value of Rs. 10 each to 1,36,13,400 equity shares of face value of Rs. 5 each. The Board of Directors pursuant to a resolution dated September 6, 2021 and the shareholders special resolution dated September 30, 2021 have approved the issuance of two bonus equity shares of face value Rs. 5 each for every one existing fully paid up equity share of face value Rs. 5 each and accordingly 2,72,26,800 bonus equity shares were issued and allotted in accordance with the Section 63 of the Companies Act, 2013.

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**(v) Shareholders holding more than 5 percent of Equity Shares**

Name of Shareholder	As at	As at	As at	As at
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Suman Sethia	39,60,000 9.30%	6,60,000 9.30%	6,60,000 9.30%	6,60,000 12.58%
M.L.Sethia	- 0.00%	- 0.00%	6,21,650 8.76%	6,21,650 11.85%
Prem Lata Sethia	28,02,000 6.58%	4,67,000 6.58%	4,67,000 6.58%	4,67,000 8.90%
Kishor Sethia	36,44,928 8.56%	6,07,488 8.56%	- 0.00%	- 0.00%
Kamal Sethia	22,29,618 5.24%	3,71,603 5.24%	- 0.00%	- 0.00%
Gaurav Sethia	31,43,004 7.38%	5,23,834 7.38%	- 0.00%	- 0.00%

**(vi) Shareholding of Promoters**

Promoter Name	Shares held at Sep 30' 2021		% Change during the period ended Sep 30' 2021
	Nos. of Shares	% of Total Shares	
M.L.Sethia	-	0.00%	-
Kamal Sethia	22,29,618	5.24%	-
Suman Sethia	39,60,000	9.30%	-
Kishor Sethia	36,44,928	8.56%	-
Vasudha Sethia	10,80,900	2.54%	-
Gaurav Sethia	31,43,004	7.38%	-
Vinay Kumar Sethia	6,33,300	1.49%	-
Sanjeev Sethia	9,15,600	2.15%	-
Sumit Sethia	8,64,450	2.03%	-

**B. Other Equity**

Particulars	As at	As at	As at	As at
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>(i) Share Application pending Allotment **</b>	-	-	-	18.50
<b>(ii) Retained Earnings</b>	1,943.28	1,749.95	1,451.38	1,226.51
<b>(iii) Other Reserves *</b>				
a. Securities Premium	59.55	59.55	59.55	59.55
b. Capital Reserve (on consolidation)	217.95	212.17	212.17	212.17
c. General Reserve	361.85	503.77	453.77	403.77
<b>(iv) Components of Other Comprehensive Income</b>				
a. Changes in fair value of FVOCI equity instruments	0.28	0.28	0.21	0.12
b. Remeasurement of defined benefit plans	37.36	28.92	32.53	20.02
<b>Total</b>	<b>2,620.28</b>	<b>2,554.64</b>	<b>2,209.62</b>	<b>1,940.64</b>

**\* Brief description of Other Reserves:**

- Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Capital Reserve is created on consolidation with the subsidiary company.
- General reserve is the free reserve created out of the retained earnings of the Group. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

\*\* Equity share capital pending allotment pursuant to amalgamation is on account of the business combination as per the Court approved scheme which have been allotted on January 22, 2020. Refer note 50.

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**(i) Equity Shares pending allotment pursuant to Scheme**

<b>Particulars</b>	<b>Amount</b>
<b>As at April 1, 2018</b>	<b>18.50</b>
Increase during the year	-
Decrease during the year	-
<b>As at March 31, 2019</b>	<b>18.50</b>
Increase during the year	-
Decrease during the year	(18.50)
<b>As at March 31, 2020</b>	<b>-</b>
Increase during the year	-
Decrease during the year	-
<b>As at March 31, 2021</b>	<b>-</b>
Increase during the period	-
Decrease during the period	-
<b>As at September 30, 2021</b>	<b>-</b>

**(ii) Retained Earnings**

<b>Particulars</b>	<b>Amount</b>
<b>Restated balance as at 1st April 2018</b>	<b>985.77</b>
Add: Net profit for the year	290.74
Less: Transfer to reserve during the year	(50.00)
<b>As at March 31, 2019</b>	<b>1,226.51</b>
Add: Net profit for the year	274.87
Less: Transfer to reserve during the year	(50.00)
<b>As at March 31, 2020</b>	<b>1,451.38</b>
Add: Net profit for the year	348.57
Less: Transfer to reserve during the year	(50.00)
<b>As at March 31, 2021</b>	<b>1,749.95</b>
Add: Net profit for the period	193.33
Less: Transfer to reserve during the period	-
<b>As at September 30, 2021</b>	<b>1,943.28</b>

**(iii) Other Reserves**

<b>Particulars</b>	<b>Securities Premium</b>	<b>Capital Reserve</b>	<b>General Reserve</b>
<b>As at April 1, 2018</b>	<b>59.55</b>	<b>212.17</b>	<b>353.77</b>
Increase during the year	-	-	50.00
Decrease during the year	-	-	-
<b>As at March 31, 2019</b>	<b>59.55</b>	<b>212.17</b>	<b>403.77</b>
Increase during the year	-	-	50.00
Decrease during the year	-	-	-
<b>As at March 31, 2020</b>	<b>59.55</b>	<b>212.17</b>	<b>453.77</b>
Increase during the year	-	-	50.00
Decrease during the year	-	-	-
<b>As at March 31, 2021</b>	<b>59.55</b>	<b>212.17</b>	<b>503.77</b>
Increase during the period	-	5.78	-
Decrease during the period	-	-	(141.91)
<b>As at September 30, 2021</b>	<b>59.55</b>	<b>217.95</b>	<b>361.85</b>

**(iv) Components of Other Comprehensive Income**

<b>Particulars</b>	<b>Changes in fair value of FVOCI equity instruments</b>	<b>Remeasurement of defined benefit plans</b>
<b>As at April 1, 2018</b>	<b>0.07</b>	<b>28.56</b>
Increase during the year	0.05	-
Decrease during the year	-	(8.54)
<b>As at March 31, 2019</b>	<b>0.12</b>	<b>20.02</b>
Increase during the year	0.09	12.51
Decrease during the year	-	-
<b>As at March 31, 2020</b>	<b>0.21</b>	<b>32.53</b>
Increase during the year	0.07	-
Decrease during the year	-	(3.62)
<b>As at March 31, 2021</b>	<b>0.28</b>	<b>28.92</b>
Increase during the period	-	8.44
Decrease during the period	-	-
<b>As at September 30, 2021</b>	<b>0.28</b>	<b>37.36</b>

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**20 Non-Current Financial Liabilities - Borrowings**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Secured Borrowings</b>				
Term Loans - from Banks*	560.21	571.11	507.82	465.34
Less : Current maturities of long term debt - Term Loans	(165.06)	(199.66)	(107.15)	(52.20)
<b>Total</b>	<b>395.15</b>	<b>371.45</b>	<b>400.66</b>	<b>413.14</b>

\* net off of Rs.0.84 Millions (2021: Rs. 0.93 Millions; 2020 : Rs. 0.79 Millions; and 2019 : Rs.1.10 Millions;) as finance charge

**Notes:**

a) Secured by way of first pari passu charge over entire movable Property Plant and Equipments of the Group and immovable Property Plant and Equipment of the Group by equitable mortgage of properties situated at Ghaziabad, Goa and Belikhoh. These are further secured by second pari passu charge on entire current assets of the Group and personal guarantee of the Directors of the Group Companies.

**b) Term Loans - Repayment schedule and rate of interest**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Secured</b>				
<b>Weighted Ave. Rate of Interest</b>	6.97%	7.23%	7.70%	9.22%
<b>Outstanding amount</b>	<b>560.21</b>	<b>571.11</b>	<b>507.82</b>	<b>465.34</b>
<b>Repayment Due</b>				
FY 2019-20				52.20
FY 2020-21			107.15	115.67
FY 2021-22	80.40	199.66	175.77	
FY 2022-23	167.31	145.26		
FY 2023-24	125.65			
Remaining payable upto 2028-29	186.85	226.18	224.90	297.47

**21 Non-Current Liabilities - Provisions**

Particulars	As at Sept 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Provisions for Employee Benefits</b> (refer note 37)				
Provision for Leave Encashment	7.75	8.69	5.46	5.94
<b>Total</b>	<b>7.75</b>	<b>8.69</b>	<b>5.46</b>	<b>5.94</b>

**22 Current Financial Liabilities - Borrowings**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Borrowings - Loans repayable on demands</b>				
<b>Secured</b>				
(i) from banks - Working Capital	514.42	483.57	180.80	401.10
(ii) Current maturities of Long term borrowings (refer note 20)	165.06	199.66	107.15	52.20
<b>Unsecured</b>				
(i) from banks - Customers bills discounting	237.01	-	-	-
(ii) from banks - Vendors bills discounting	8.74	82.98	10.31	-
<b>Total</b>	<b>925.23</b>	<b>766.21</b>	<b>298.27</b>	<b>453.30</b>

**Notes:**

a. Secured by exclusive first pari passu charge on entire stock of Raw material, Work-in-Progress, Finished Goods, Consumable Stores, Book Debts and other current assets of the Group, both present and future. These loans are further secured by second pari passu charge over the entire movable Property Plant and Equipments of the Group and immovable Property Plant and Equipments of the Group by equitable mortgage of properties situated at Ghaziabad, Goa and Belikhoh and personal guarantee of the Directors of the Group Companies.

b. Unsecured loan of Customer Bill discounting is Repayable on due dates as agreed with the Customers

c. Unsecured loan of Vendor Bill discounting as Electronic Vendor Financing Scheme is Repayable on due dates as agreed with the Vendors

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**23 Current Financial Liabilities - Trade Payables**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Trade Payables</b>				
Due to Micro and Small Enterprises (refer note 38)	236.98	194.94	102.63	74.69
Others	830.06	850.86	578.97	845.84
<b>Total</b>	<b>1,067.04</b>	<b>1,045.80</b>	<b>681.60</b>	<b>920.53</b>

**23.1 Trade Payables Ageing Schedule:**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Micro, small and medium enterprises</b>				
Less than 1 year	236.98	194.94	102.63	74.69
1 -2 years	-	-	-	-
2 -3 years	-	-	-	-
More than 3 years	-	-	-	-
<b>Total</b>	<b>236.98</b>	<b>194.94</b>	<b>102.63</b>	<b>74.69</b>
<b>Others</b>				
Less than 1 year	829.86	825.20	524.10	775.87
1 -2 years	0.20	7.59	7.81	41.30
2 -3 years	-	1.21	39.77	26.06
More than 3 years	-	16.86	7.29	2.61
<b>Total</b>	<b>830.06</b>	<b>850.86</b>	<b>578.97</b>	<b>845.84</b>

**24 Other Financial Liabilities - Current**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Security deposit	0.06	0.06	0.06	0.06
Expenses Payables *	128.10	99.40	92.42	101.09
<b>Total</b>	<b>128.16</b>	<b>99.46</b>	<b>92.48</b>	<b>101.15</b>

\*includes primarily Salaries & Bonus Payable and other expenses payable

**25 Other Current Liabilities**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Advances from Customers	10.26	8.89	25.54	14.81
Statutory Liabilities payable	48.59	32.02	22.71	27.71
<b>Total</b>	<b>58.85</b>	<b>40.91</b>	<b>48.25</b>	<b>42.52</b>

**26 Current Liabilities - Provisions**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Provisions for Employee Benefits</b> (refer note 37)				
Provision for Gratuity	-	-	-	0.56
Provision for Leave Encashment	7.29	7.60	8.08	7.13
<b>Total</b>	<b>7.29</b>	<b>7.60</b>	<b>8.08</b>	<b>7.69</b>

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**27 Revenue from operations**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Sale and Services</b>				
- Sale of Products	5,047.71	8,412.67	7,677.14	8,101.68
- Sale of Services	8.70	14.63	25.29	22.84
<b>Other Operating Revenues</b>				
- Scrap sale	124.10	195.30	149.55	156.17
- Export Incentives	1.94	1.18	3.86	4.75
<b>Total</b>	<b>5,182.46</b>	<b>8,623.78</b>	<b>7,855.84</b>	<b>8,285.45</b>

**27.1 Contract Balances**

Receivables, which are included in 'trade receivables'	2,141.71	1,826.32	908.21	1,374.66
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**27.2 Revenue from sale of products / services disaggregated by primary geographical market**

India	5,155.47	8,555.17	7,780.55	8,195.60
Outside India	26.99	68.61	75.29	89.85
<b>Total revenue from contracts with customers</b>	<b>5,182.46</b>	<b>8,623.78</b>	<b>7,855.84</b>	<b>8,285.45</b>

**28 Other Income**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Other non-operating income</b>				
Interest on Bank Deposits	1.02	1.90	3.70	4.06
Dividend Received	0.03	1.07	3.60	4.58
Gain/(loss) on sale of current investments measured at FVTPL	0.00	9.07	1.17	(2.88)
Fair value gain/(loss) on investments measured at FVTPL	4.70	11.23	(1.58)	1.60
Rent Received	0.18	0.36	0.36	0.24
Sundry Balances Written Back	0.03	1.60	0.27	2.54
Profit on sales of Property, Plant and Equipment	0.83	-	0.36	1.27
Exchange Fluctuation Gain (Net)	-	-	-	0.50
<b>Total</b>	<b>6.80</b>	<b>25.23</b>	<b>7.88</b>	<b>11.92</b>

**29 Cost of Material Consumed**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Opening Balance	790.41	473.38	555.49	512.71
Add : Purchases during the year	3,802.36	6,485.21	5,343.56	5,954.02
	<b>4,592.77</b>	<b>6,958.59</b>	<b>5,899.06</b>	<b>6,466.74</b>
Less: Closing Stock	742.32	790.41	473.38	555.49
<b>Total material consumed</b>	<b>3,850.45</b>	<b>6,168.18</b>	<b>5,425.68</b>	<b>5,911.24</b>

**30 Change in inventories of finished goods, work-in progress and stock-in trade**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Closing Stock</b>				
Finished Goods	92.08	88.00	127.74	92.80
Stock in Trade- Goods	-	-	-	0.05
Work in process	284.90	267.02	186.93	166.27
	<b>376.97</b>	<b>355.02</b>	<b>314.67</b>	<b>259.12</b>
<b>Opening Stock</b>				
Finished Goods	88.00	127.74	92.80	112.01
Stock in Trade- Goods	-	-	0.05	0.06
Work in process	267.02	186.93	166.27	145.35
	<b>355.02</b>	<b>314.67</b>	<b>259.12</b>	<b>257.41</b>
<b>Total</b>	<b>(21.96)</b>	<b>(40.34)</b>	<b>(55.55)</b>	<b>(1.71)</b>

**31 Employee Benefits Expenses**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Salaries, bonus and allowances	555.94	1,005.86	976.38	866.26
Contribution to Provident and other funds	36.60	53.90	62.94	56.25
Staff welfare expenses	12.09	20.48	23.62	21.74
<b>Total</b>	<b>262 604.63</b>	<b>1,080.23</b>	<b>1,062.93</b>	<b>944.25</b>

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**32 Finance Costs**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Interest expense on financial liabilities measured at amortised cost :				
- on borrowings	59.12	93.15	113.49	127.51
- on lease liabilities	0.08	0.15	0.14	0.14
- other Interest cost	0.03	0.03	0.29	0.03
Other borrowing cost	1.41	3.44	3.12	2.02
<b>Total</b>	<b>60.64</b>	<b>96.76</b>	<b>117.04</b>	<b>129.70</b>

**33 Other Expenses**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Manufacturing Expenses</b>				
Power and Fuel & Water Charges	86.05	142.63	147.59	149.11
Carriage Inwards Expenses	12.88	25.12	24.67	19.67
Processing Charges	107.15	176.05	189.59	222.94
Consumable Stores	13.93	27.89	28.44	22.27
Testing & Calibration Expenses	1.15	4.25	3.51	2.32
Repairs and Maintenance	36.19	79.89	65.99	77.95
<b>(A)</b>	<b>257.35</b>	<b>455.85</b>	<b>459.79</b>	<b>494.26</b>
<b>Selling and Distribution Expenses</b>				
Advertisement & Sales promotion expenses	0.37	0.87	6.37	2.75
Carriage & Octroi (Outward)	15.11	22.71	16.61	20.44
<b>(B)</b>	<b>15.48</b>	<b>23.59</b>	<b>22.98</b>	<b>23.19</b>
<b>Establishment Expenses</b>				
Rent	3.49	3.81	3.88	3.95
Rates and Taxes	1.00	2.13	3.30	3.73
Auditors' Remuneration				
- Audit Fees	0.61	1.08	1.08	1.16
- In Other Capacity	1.88	1.07	0.73	0.52
Legal and Professional Charges	3.79	7.05	9.01	7.35
Communication Expenses	1.38	2.35	2.64	2.90
Travelling and Conveyance Expenses	9.45	18.03	24.87	24.97
Vehicle Running & Maintenance	8.70	14.16	15.63	17.18
Insurance Expenses	2.35	10.08	10.04	5.14
Bad debts, other balances written off (net)	-	0.00	49.15	7.45
Provision for Doubtful Receivables	0.25	0.98	4.94	(0.54)
Sitting Fees to non-executive directors	0.03	0.04	0.05	0.04
Corporate Social Responsibility Expenses (refer note 44)	2.22	6.16	4.54	5.56
Research & Product Development Expenses	28.61	60.46	65.55	66.28
Exchange Fluctuation Loss (Net)	0.03	0.02	0.39	-
Net Loss / (Gain) on Sale of Property Plant and Equipment	-	3.01	-	-
Miscellaneous Expenditure	11.16	21.98	21.80	20.30
<b>(C)</b>	<b>74.94</b>	<b>152.41</b>	<b>217.58</b>	<b>166.00</b>
<b>Total (A to C)</b>	<b>347.78</b>	<b>631.85</b>	<b>700.35</b>	<b>683.45</b>

**34 Earning per Share (EPS)**

Particulars	For the period ended	For the year ended		
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Basic &amp; Diluted Earnings per share :</b>				
Profit & Loss for the period/year	193.33	348.57	274.87	290.74
Profit attributable to ordinary shareholders (A)	193.33	348.57	274.87	290.74
Weighted average number of ordinary shares (B) (Pre-Bonus & share split)	4,08,40,200	68,06,700	68,06,700	68,06,700
Weighted average number of ordinary shares (C) (Post-Bonus & share split) #	4,08,40,200	4,08,40,200	4,08,40,200	4,08,40,200
Nominal value of ordinary share	Rs. 5/-	Rs. 5/-	Rs. 5/-	Rs. 5/-
Earnings per share - Basic & Diluted (A/B) - Rs. (Pre-Bonus & share split)	<b>4.73</b>	<b>51.21</b>	<b>40.38</b>	<b>42.71</b>
Earnings per share - Basic & Diluted (A/B) - Rs. (Post-Bonus & share split) #	<b>4.73</b>	<b>8.53</b>	<b>6.73</b>	<b>7.12</b>

# Post retrospective adjustment of Bonus Issue & Stock Split in compliance with Ind AS 33 - Earnings per Share

**35 Impact and future uncertainties relating to Global health pandemic from COVID-19**

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the Restated consolidated financial information including there coverability of carrying amounts of financial and non financial assets. Further the impact assessment does not indicate any adverse impact on the ability of the Group to continue as a going concern. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has, at the date of approval of the Restated consolidated financial information, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Group's Restated consolidated financial information may differ from that estimated as at the date of approval of these Restated consolidated financial information.

**36 Disclosure with respect to Ind AS 116 - Leases**

The Group has entered into agreements for leasing lease hold lands on lease. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 0.79 Millions and a lease liability of INR 1.86 Millions.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the short-term lease exemption to leases with lease term that ends within 12 months at the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
5. The accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under previous GAAP. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

**Information about Leases Assets for which the Group is a lessee is presented below :**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Balance as at beginning of the period/year</b>	<b>0.76</b>	<b>0.78</b>	<b>0.79</b>	-
Additions	-	-	-	0.80
Deletions	-	-	-	-
Depreciation*	(0.01)	(0.01)	(0.01)	(0.01)
<b>Balance as at end of the period/year</b>	<b>0.76</b>	<b>0.76</b>	<b>0.78</b>	<b>0.79</b>

\*The aggregate depreciation expense on Right-of-use assets is included under depreciation expense in the Restated Consolidated Statement of Profit and Loss.

**The changes/movement in Lease Liabilities of the Group are as follows:**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Balance as at beginning of the period/year</b>	<b>1.98</b>	<b>2.01</b>	<b>1.86</b>	-
Additions	-	-	-	1.73
Deletions	-	-	-	-
Payment of lease liabilities	(0.09)	(0.17)	-	-
Accreditation of interest	0.08	0.15	0.14	0.14
<b>Balance as at end of the period/year</b>	<b>1.96</b>	<b>1.98</b>	<b>2.01</b>	<b>1.86</b>
Current Liabilities	0.06	0.05	0.05	0.05
Non-Current Liabilities	1.91	1.93	1.95	1.81
Total cash outflow for leases	(0.09)	(0.17)	-	-

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. Such lease liabilities are related to Leasehold lands having maturity period of more than 5 year.

The table below provides details regarding amounts recognised in the Restated Consolidated Statement of Profit and Loss:

Particulars	For the period ended Sept. 30, 2021	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
Expenses relating to short-term leases and/or leases of low-value items	3.49	3.81	3.88	3.95
Interest on lease liabilities	0.08	0.15	0.14	0.14
Depreciation expense	0.01	0.01	0.01	0.01
<b>Total</b>	<b>3.57</b>	<b>3.97</b>	<b>4.03</b>	<b>4.10</b>

Lease contracts entered by the Group majorly pertains for buildings and lands taken on lease to conduct its business in the ordinary course. The Group does not have any lease restrictions and commitment towards variable rent as per the contract. The leases that the Group has entered with lessors towards properties used as ware houses/ offices are short term in nature and no changes in terms of those leases are expected due to the COVID-19.

37 The Group has recognised the following amounts in the Restated consolidated financial Information as per Ind AS - 19 "Employees Benefits" as specified in the Companies (Indian Accounting Standards) Rules, 2015:

**a) Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised are charged to the Restated consolidated statement of profit and loss for the year / period as under :

Particulars	For the period ended Sept. 30, 2021	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund and other	36.60	53.90	62.94	56.25

**b) Defined Benefit Plan**

The employees' gratuity fund scheme is managed by Kotak Mahindra Old Mutual Life Insurance Limited, Bajaj Allianz Life Insurance Co. Ltd and Birla Sun Life Insurance Co. Ltd, which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation and the obligation for leave encashment is recognised in the same manner as gratuity.

**Actuarial assumptions**

Particulars	Gratuity (Funded)			
	For the period ended Sept 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate (per annum)	6.30%	6.25%	6.25%	7.50%
Salary Escalation Rate	5.00%	5.00%	3.00%	5.00%
Average remaining working lives of employees (Years)	24.54	24.59	24.35	24.18

**Table showing changes in present value of obligations :**

Present value of obligation as at the beginning of the year / period	138.98	111.88	110.26	84.01
Interest Cost	4.39	7.05	8.29	6.54
Current Service Cost	7.03	12.78	10.28	10.55
Benefits paid	(1.59)	(6.90)	(5.38)	(4.89)
Actuarial (gain)/ loss on obligations	(2.63)	14.17	(11.57)	14.05
Present value of obligation as at the end of the year / period	146.18	138.98	111.88	110.26

**Table showing changes in the fair value of plan assets :**

Fair value of plan assets at beginning of the year / period	164.74	142.56	129.12	114.06
Actual return of plan assets	5.26	9.00	9.74	8.87
Employer contribution	2.23	14.37	8.60	10.50
Benefits paid	(1.59)	(6.90)	(5.38)	(4.89)
Actuarial gain/ (loss) on obligations	2.73	6.75	0.48	0.58
Charges deducted	-	(1.04)	-	-
Fair value of plan assets at the end of year / period	173.38	164.74	142.56	129.12

**Other Comprehensive Income**

Actuarial (gain) / loss for the year - Obligation	(2.63)	14.17	(11.57)	14.05
Actuarial (gain) / loss for the year - Plan assets	(2.73)	(6.75)	(0.48)	(0.58)
Total (gain) / loss for the year	(5.67)	6.84	(11.95)	12.46

**The amounts to be recognized in Restated Consolidated Statement of Assets and Liabilities :**

Present value of obligation as at the end of the year/ period	146.18	138.98	111.88	110.26
Fair value of plan assets as at the end of the year/ period	173.38	164.74	142.56	129.12
Net asset/ (liability) recognised in Restated consolidated statement of assets and liabilities	(27.20)	(25.76)	(30.68)	(18.86)

**Expenses recognised in Restated consolidated statement of profit and loss :**

Current service cost	7.03	12.78	10.28	10.55
Interest Cost	(0.87)	(1.95)	(1.45)	(2.33)
Expenses recognised in the Restated consolidated statement of profit and loss	6.15	10.83	8.83	8.22

**Sensitivity analysis of the defined benefit obligation:**

<b>Impact of the change in Discount Rate</b>				
Present Value of Obligation at the end of the period	146.18	138.98	111.88	110.26
Impact due to increase of 1%	(11.52)	(11.08)	(7.37)	(7.65)
Impact due to decrease of 1%	13.51	12.99	8.54	8.90
<b>Impact of the change in salary increase</b>				
Present Value of Obligation at the end of the period	146.18	138.98	111.88	110.26
Impact due to increase of 1%	12.78	12.20	8.13	8.29
Impact due to decrease of 1%	(11.10)	(10.60)	(7.16)	5.26

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

**Maturity profile of defined benefit obligation:**

Year 1	19.64	17.81	23.89	22.53
Year 2	9.78	9.97	6.78	7.12
Year 3	10.68	9.43	8.85	6.35
Year 4	8.69	8.97	8.46	8.86
Year 5	11.59	8.71	8.62	7.90
Year 6 to 10	64.16	61.19	45.79	48.75

**Investment Details**

Funds managed by Insurance Companies	172.30	164.13	141.91	128.72
Cash / Bank Balance	1.07	0.61	0.65	0.40

**Actuarial assumptions**

Particulars	Leave Encashment			
	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate (per annum)	6.30%	6.25%	6.25%	7.50%
Rate of increase in Compensation levels	5.00%	5.00%	3.00%	5.00%

**Table showing changes in present value of obligations :**

Present value of obligation as at the beginning of the year / period	16.29	13.54	13.07	10.42
Interest Cost	0.52	0.86	0.98	0.81
Current Service Cost	4.59	6.98	6.15	5.72
Benefits paid	(0.45)	(2.50)	(2.00)	(1.82)
Actuarial (gain)/ loss on obligations	(5.92)	(2.59)	(4.67)	(2.07)
Present value of obligation as at the end of the year / period	15.03	16.29	13.54	13.07

**Table showing changes in the fair value of plan assets :**

Fair value of plan assets at beginning of the year / period	11.09	10.50	9.31	8.67
Actual return of plan assets	0.36	0.67	0.71	0.67
Employer contribution	0.45	2.50	2.00	1.82
Benefits paid	(0.45)	(2.50)	(2.00)	(1.82)
Actuarial gain/ (loss) on obligations	(0.05)	(0.08)	0.49	(0.03)
Charges deducted	-	-	-	-
Fair value of plan assets at year / period end	11.40	11.09	10.50	9.31

**Other Comprehensive Income**

Actuarial (gain) / loss for the year - Obligation	(5.92)	(2.59)	(4.67)	(2.07)
Actuarial (gain) / loss for the year - Plan assets	(0.05)	(0.08)	0.49	(0.03)
Total (gain) / loss for the year	(5.97)	(2.67)	(4.18)	(2.10)

**The amounts to be recognized in Restated Consolidated Statement of Assets and Liabilities :**

Present value of obligation as at the end of the year / period	15.03	16.29	13.54	13.07
Fair value of plan assets as at the end of the year / period	11.40	11.09	10.50	9.31
Net asset/ (liability) recognised in Restated consolidated statement of assets and liabilities	3.63	5.20	3.04	3.76

**Expenses recognised in Restated consolidated statement of profit and loss :**

Current service cost	4.59	6.98	6.15	5.72
Interest Cost	0.16	0.18	0.28	0.14
Expenses recognised in the Restated consolidated statement of profit and loss	4.75	7.17	6.43	5.86

**Sensitivity analysis of the defined benefit obligation:**

Impact of the change in Discount Rate				
Present Value of Obligation at the end of the period	15.03	16.29	13.54	13.07
Impact due to increase of 1%	(0.82)	(1.00)	(0.57)	(0.60)
Impact due to decrease of 1%	0.97	1.20	0.67	0.42
Impact of the change in salary increase				
Present Value of Obligation at the end of the period	15.03	16.29	13.54	13.07
Impact due to increase of 1%	1.03	1.13	0.63	0.67
Impact due to decrease of 1%	(0.88)	(0.96)	(0.54)	(0.58)

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

**Maturity profile of defined benefit obligation:**

Year 1	7.29	7.60	8.08	7.13
Year 2	0.57	0.71	0.41	0.45
Year 3	0.61	0.57	0.58	0.43
Year 4	0.53	0.66	0.42	0.60
Year 5	0.66	0.55	0.47	0.46
Year 6 to 10	3.53	3.75	2.51	2.82

**Investment Details**

Funds managed by Insurance Companies	11.40	11.09	10.50	9.31
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**Note:** The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuarial Valuer.

**38 Disclosure as required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act):**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Principal amount due to micro & small enterprises	236.98	194.94	102.63	74.69
Interest due on above	-	-	-	-
Interest paid during the period beyond the appointed day	-	-	-	-
Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the period	-	-	-	-
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 small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil	Nil	Nil

**Note:** The above information and that given in Note 23' Trade Payables' regarding Micro and Small Enterprises has been determined on the basis of information available with the Group and has been relied upon by the auditors.

**39 Commitments and Contingencies**

**(a) Contingent Liabilities not provided for in respect of :**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(i) Unexpired Letters of Credit	19.58	48.75	8.39	29.91
(ii) Guarantees given by banks on behalf of the Group	3.50	3.50	2.43	2.43
(iii) Claims against the Group towards sales tax, provident fund, GST, income tax and others in dispute not acknowledged as debt	43.28	22.05	20.11	19.25

**Notes:**

i) The Group's pending litigations comprise of claims against the Group and proceedings pending with Tax Authorities. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its Restated consolidated financial Information. The Group does not expect the outcome of these proceedings to have a material impact on its financial position.

ii) The Group periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, The Group has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

iv) The Group does not have outstanding term derivative contracts as at the end of respective years / period.

**(b) Capital Commitments**

Particulars	As at Sept. 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	46.65	98.37	24.96	41.97

**40** In the opinion of the Board, all assets other than Property Plant and Equipment and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.

**41 Other Comprehensive Income (OCI)**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income / expense that is not recognised in profit or loss but is shown in the Restated consolidated statement of profit and loss as 'other comprehensive income' includes Gain/(Loss) on Equity Instruments designated through OCI and Actuarial (gain)/ loss on employees benefits obligations. The concept of other comprehensive income did not exist under the previous GAAP.

42 "Related Party Disclosures" as required by Ind AS - 24 (Before considering the effect of Consolidation) :

(i). Name and description of related parties.

Relationship	Name of Related Party	
(a) Wholly Owned Subsidiary:	Elin Appliances Private Limited	
(b) Key management personnel :	Sh. M.L. Sethia	(Chairman)
	Sh. Kamal Sethia	(Managing Director)
	Sh. Vinay Kumar Sethia	(Whole Time Director- Commercial) (Ceased w.e.f. 6th Sep'2021)
	Sh. Kishor Sethia	(Whole Time Director - Works) (Ceased w.e.f. 6th Sep'2021)
	Sh. Sanjeev Sethia	(Whole Time Director - EMS)
	Sh. Sumit Sethia	(Whole Time Director - Goa Operation) (w.e.f. 03rd Jun'2020)
	Sh. Vikas Sethia	(Director of Subsidiary Company) (Ceased w.e.f. 26th Nov'2020)
	Sh. Sharad Sethia	(Director of Subsidiary Company) (Ceased w.e.f. 19th Oct'2020)
	Sh. Gaurav Sethia	(Director of Subsidiary Company) (w.e.f. 13th July'2020)
	Smt. Priyanka Sethia	(Director of Subsidiary Company) (w.e.f. 30th Oct'2020)
	Sh. Pradeep Sethia	(Director of Subsidiary Company) (w.e.f. 05th Dec'2020)
	Sh. Vinay Kumar Sethia	(Director of Subsidiary Company) (w.e.f. 29th Sep'2021)
	Sh. Raj Karan Chhajer	(Chief Financial Officer) (w.e.f. 30th Sep'2021)
	Sh. Avinash Karwa	(Company Secretary)
(c) Post Employment Benefit Plans	Elin Employees Group Gratuity Trust Elin Appliances Pvt. Ltd. Employees Gratuity Trust	
(d) Enterprises owned or Significantly influenced by key management personnel or their relatives.	Kanchan Commercial Co. Pvt. Ltd. Magtronic Devices Pvt. Ltd. Sethia Oil Industries Limited	

Note: Related party relationship is as identified by the Group and relied upon by the auditors

(ii). Nature of transactions - The transactions entered into with the related parties during the year/period along with related balances as at respective years/period are as under:

Particulars	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Purchases/receiving of Goods &amp; services</b>				
Elin Appliances Private Limited	0.97	2.59	1.47	4.17
<b>Sales/rendering of Goods and Materials</b>				
Elin Appliances Private Limited	287.41	492.23	384.11	369.62
Sethia Oil Industries Ltd.	0.01	0.01	0.02	0.03
<b>Purchase of Property, Plant and Equipment</b>				
Magtronic Devices Pvt. Ltd.	-	0.07	-	-
Elin Appliances Private Limited	-	-	-	4.50
<b>Income - Rent /Other income</b>				
Magtronic Devices Pvt. Ltd.	0.18	0.36	0.36	0.24
Elin Appliances Private Limited	-	1.19	-	0.44
<b>Expenses - Rent /Other expenses</b>				
Magtronic Devices Pvt. Ltd.	-	-	-	-
Kanchan Commercial Co. Pvt.Ltd.	0.30	0.60	0.60	0.60
Elin Appliances Private Limited	2.34	4.57	3.84	2.40
<b>Closing Balances of Receivables</b>				
Elin Appliances Private Limited	195.73	56.48	73.40	31.14
Sethia Oil Industries Ltd.	0.01	-	-	-
<b>Contribution towards Gratuity Liabilities</b>				
Elin Employees Group Gratuity Trust	2.03	11.07	5.50	3.50
Elin Appliances Pvt. Ltd. Employees Gratuity Trust	0.20	3.30	3.10	7.00
<b>Remuneration of Key Management Personnel *</b>				
Sh. M.L. Sethia	1.82	3.04	3.64	3.64
Sh. Kamal Sethia	2.51	4.46	5.52	5.52
Sh. Kishor Sethia	1.99	4.28	5.25	5.25
Sh. Sanjeev Sethia	2.69	4.30	5.29	5.29
Sh. Vinay Kumar Sethia	2.24	3.24	3.88	3.88
Sh. Sumit Sethia	3.17	4.92	-	-
Sh. Vikas Sethia	-	2.43	4.17	3.79
Sh. Sharad Sethia	-	3.81	10.92	9.68
Sh. Gaurav Sethia	2.04	4.15	-	-
Sh. Pradeep Sethia	1.53	1.78	-	-
Smt. Priyanka Sethia	3.56	1.31	-	-
Sh. Avinash Karwa	1.26	2.09	2.19	1.88

\* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

**"Related Party Disclosures" as required by Ind AS - 24 (After considering the effect of Consolidation) :**

(i). Name and description of related parties.

Relationship	Name of Related Party
(a) Key management personnel :	Sh. M.L. Sethia (Chairman)
	Sh. Kamal Sethia (Managing Director)
	Sh. Vinay Kumar Sethia (Whole Time Director- Commercial) (Ceased w.e.f. 6th Sep'2021)
	Sh. Kishor Sethia (Whole Time Director - Works) (Ceased w.e.f. 6th Sep'2021)
	Sh. Sanjeev Sethia (Whole Time Director - EMS)
	Sh. Sumit Sethia (Whole Time Director - Goa Operation) (w.e.f. 03rd Jun'2020)
	Sh. Vikas Sethia (Director of Subsidiary Company) (Ceased w.e.f. 26th Nov'2020)
	Sh. Sharad Sethia (Director of Subsidiary Company) (Ceased w.e.f. 19th Oct'2020)
	Sh. Gaurav Sethia (Director of Subsidiary Company) (w.e.f. 13th July'2020)
	Smt. Priyanka Sethia (Director of Subsidiary Company) (w.e.f. 30th Oct'2020)
	Sh. Pradeep Sethia (Director of Subsidiary Company) (w.e.f. 05th Dec'2020)
	Sh. Vinay Kumar Sethia (Director of Subsidiary Company) (w.e.f. 29th Sep'2021)
	Sh. Raj Karan Chhajer (Chief Financial Officer) (w.e.f. 30th Sep'2021)
	Sh. Avinash Karwa (Company Secretary)
(b) Post Employment Benefit Plans	Elin Employees Group Gratuity Trust Elin Appliances Pvt. Ltd. Employees Gratuity Trust
(c) Enterprises owned or Significantly influenced by key management personnel or their relatives.	Kanchan Commercial Co. Pvt. Ltd. Magtronic Devices Pvt. Ltd. Sethia Oil Industries Limited

Note: Related party relationship is as identified by the Group and relied upon by the auditors

(ii). Nature of transactions - The transactions entered into with the related parties during the year/period along with related balances as at respective years/period are as under:

Particulars	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sales/rendering of Goods and Materials</b>				
Sethia Oil Industries Ltd.	0.01	0.01	0.02	0.03
<b>Purchase of Property, Plant and Equipment</b>				
Magtronic Devices Pvt. Ltd.	-	0.07	-	-
<b>Income - Rent /Other income</b>				
Magtronic Devices Pvt. Ltd.	0.18	0.36	0.36	0.24
<b>Expenses - Rent /Other expenses</b>				
Magtronic Devices Pvt. Ltd.	-	-	-	-
Kanchan Commercial Co. Pvt.Ltd.	0.30	0.60	0.60	0.60
<b>Closing Balances of Receivables</b>				
Sethia Oil Industries Ltd.	0.01	-	-	-
<b>Contribution towards Gratuity Liabilities</b>				
Elin Employees Group Gratuity Trust	2.03	11.07	5.50	3.50
Elin Appliances Pvt. Ltd. Employees Gratuity Trust	0.20	3.30	3.10	7.00
<b>Remuneration of Key Management Personnel *</b>				
Sh. M.L. Sethia	1.82	3.04	3.64	3.64
Sh. Kamal Sethia	2.51	4.46	5.52	5.52
Sh. Kishor Sethia	1.99	4.28	5.25	5.25
Sh. Sanjeev Sethia	2.69	4.30	5.29	5.29
Sh. Vinay Kumar Sethia	2.24	3.24	3.88	3.88
Sh. Sumit Sethia	3.17	4.92	-	-
Sh. Vikas Sethia	-	2.43	4.17	3.79
Sh. Sharad Sethia	-	3.81	10.92	9.68
Sh. Gaurav Sethia	2.04	4.15	-	-
Sh. Pradeep Sethia	1.53	1.78	-	-
Smt. Priyanka Sethia	3.56	1.31	-	-
Sh. Avinash Karwa	1.26	2.09	2.19	1.88

\* As the future liability for gratuity and leave encashment is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not ascertainable and therefore, not included above.

**43 Segment Reporting**

a. The Board of directors of Elin Electronics Limited takes decision in respect of allocation of resources and assesses the performance basis the reports/ information provided by functional heads and is thus considered to be Chief Operating Decision Maker. During the years/period under consideration, the Group operated only one segment i.e., manufacturing of Electronics Manufacturing Services.

**b. Geographical Information**

The geographical information analyses the Group's revenues by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers. The following is the distribution of the Group's consolidated revenues and receivables by geographical market, regardless of where the goods were produced:

Particulars	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>i. Revenue from customers</b>				
India	5,155.47	8,555.17	7,780.55	8,195.60
Outside India	26.99	68.61	75.29	89.85
<b>Total revenue</b>	<b>5,182.46</b>	<b>8,623.78</b>	<b>7,855.84</b>	<b>8,285.45</b>
<b>ii. Trade receivables</b>				
India	2,123.33	1,806.88	893.90	1,362.34
Outside India	18.39	19.44	14.31	12.32
<b>Total trade receivable</b>	<b>2,141.71</b>	<b>1,826.32</b>	<b>908.21</b>	<b>1,374.66</b>

iii. The Group has common non-current assets for business in domestic and overseas markets. Hence, separate figures for non-current assets/ additions to property, plant and equipment have not been furnished.

**c. Information about major customers (from external customers)**

Revenue of approximately 57% (FY 2020-2021: 43%, FY 2019-2020: 55%, FY 2018-2019: 59%) are derived from 4 Nos. (FY 2020-2021: 2 Nos., FY 2019-2020: 2 Nos., FY 2018-2019: 2 Nos.) external customers which individually accounted for more than 10%.

**44 Corporate social responsibility expenses:**

Particulars	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>a</b> amount required to be spent by the Group during the year / period,	<b>6.03</b>	<b>5.20</b>	<b>4.94</b>	<b>5.11</b>
<b>b</b> amount of expenditure incurred,	2.22	6.16	4.54	5.56
<b>c</b> shortfall at the end of the year / period,	3.80	-	0.41	-
<b>d</b> total of previous years shortfall,	-	0.41	-	-
<b>e</b> reason for shortfall,	To be spent in rest of the year	-	-	-
<b>f</b> nature of CSR activities,				
<i>On promotion of Education</i>	0.50	2.46	2.14	0.24
<i>On promoting health care including preventive health care and sanitation</i>	1.35	0.79	1.76	5.32
<i>On contribution to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)</i>	-	0.50	-	-
<i>On Eradicating Hunger, Poverty And Malnutrition</i>	-	1.12	-	-
<i>Disaster management, including relief, rehabilitation and reconstruction activities</i>	0.10	-	-	-
<i>Ensuring environmental sustainability, ecological balance, maintaining quality of soil, air &amp; water</i>	0.27	1.29	0.63	-
<b>g</b> details of related party transactions, e., contribution to a trust controlled by the Group in relation to CSR expenditure as per relevant Accounting Standard,	Nil	Nil	Nil	Nil
<b>h</b> where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the period should be shown separately	Nil	Nil	Nil	Nil

**45 Financial Instruments and risk management**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include cash and cash equivalents, trade and other receivables that derive directly from its operations.

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

**45.1 Financial Instruments by category**

Particulars	As at Sept. 30, 2021			As at March 31, 2021		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets</b>						
(i) Investments- Equity Instruments(level 2)	-	0.58	-	-	0.58	-
(ii) Investments- Mutual Funds (level 1)	140.31	-	-	135.61	-	-
(iii) Trade receivables	-	-	2,141.71	-	-	1,826.32
(iv) Cash and cash equivalents	-	-	45.27	-	-	46.76
(v) Bank balances other than (iii) above	-	-	7.66	-	-	7.03
(vi) Loans	-	-	-	-	-	-
(vii) Other Financial Assets	-	-	28.10	-	-	35.22
<b>Total financial assets</b>	<b>140.31</b>	<b>0.58</b>	<b>2,222.74</b>	<b>135.61</b>	<b>0.58</b>	<b>1,915.33</b>
<b>Financial liabilities</b>						
(i) Borrowings	-	-	1,320.38	-	-	1,137.66
(ii) Lease Liabilities	-	-	1.96	-	-	1.98
(iii) Trade payables	-	-	1,067.04	-	-	1,045.80
(iv) Other financial liabilities	-	-	128.16	-	-	99.46
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,517.53</b>	<b>-</b>	<b>-</b>	<b>2,284.90</b>

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets</b>						
(i) Investments- Equity Instruments(level 2)	-	0.51	-	-	0.92	-
(ii) Investments- Mutual Funds (level 1)	250.80	-	-	133.08	-	-
(iii) Trade receivables	-	-	908.21	-	-	1,374.66
(iv) Cash and cash equivalents	-	-	90.73	-	-	31.17
(v) Bank balances other than (iii) above	-	-	12.42	-	-	1.62
(vi) Loans	-	-	-	-	-	5.44
(vii) Other Financial Assets	-	-	28.40	-	-	39.45
<b>Total financial assets</b>	<b>250.80</b>	<b>0.51</b>	<b>1,039.76</b>	<b>133.08</b>	<b>0.92</b>	<b>1,452.35</b>
<b>Financial liabilities</b>						
(i) Borrowings	-	-	698.93	-	-	866.44
(ii) Lease Liabilities	-	-	2.01	-	-	1.86
(iii) Trade payables	-	-	681.60	-	-	920.53
(iv) Other financial liabilities	-	-	92.48	-	-	101.15
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,475.01</b>	<b>-</b>	<b>-</b>	<b>1,889.98</b>

Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments

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 are categorized into Level 1, Level 2 and Level 3 inputs. There are no transfers between level 1, level 2 and level 3 during the period/years presented

#### Significant estimates:

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

#### 45.2 Management of Financial Risk

##### Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the year / period closing date.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
<b>As at Sept. 30, 2021</b>					
Borrowings (excluding lease liabilities)	20, 22	1,320.38	925.23	395.15	<b>1,320.38</b>
Lease Liabilities	36	1.96	0.06	1.91	<b>1.96</b>
Trade payables	23	1,067.04	1,067.04	-	<b>1,067.04</b>
Other liabilities	24	128.16	128.16	-	<b>128.16</b>
<b>As at March 31, 2021</b>					
Borrowings (excluding lease liabilities)	20, 22	1,137.66	766.21	371.45	<b>1,137.66</b>
Lease Liabilities	36	1.98	0.05	1.93	<b>1.98</b>
Trade payables	23	1,045.80	1,045.80	-	<b>1,045.80</b>
Other liabilities	24	99.46	99.46	-	<b>99.46</b>
<b>As at March 31, 2020</b>					
Borrowings (excluding lease liabilities)	20, 22	698.93	298.27	400.66	<b>698.93</b>
Lease Liabilities	36	2.01	0.05	1.95	<b>2.01</b>
Trade payables	23	681.60	681.60	-	<b>681.60</b>
Other liabilities	24	92.48	92.48	-	<b>92.48</b>
<b>As at March 31, 2019</b>					
Borrowings (excluding lease liabilities)	20, 22	866.44	453.30	413.14	<b>866.44</b>
Lease Liabilities	36	1.86	0.05	1.81	<b>1.86</b>
Trade payables	23	920.53	920.53	-	<b>920.53</b>
Other liabilities	24	101.15	101.15	-	<b>101.15</b>

##### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI & FVTPL investments.

##### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market interest rates. The Group does not expose to the risk of changes in market interest rates as Group's long and short term debt obligations are of fixed interest rate.

##### Currency 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. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when certain purchases and trade payables are denominated in a foreign currency).

The Group undertakes transactions denominated in foreign currencies and consequently, exposes to exchange rate fluctuations. The Group does not enter into trade financial instruments including derivative financial instruments for hedging its foreign currency risk. The appropriateness of the risk policy is reviewed periodically with reference to the approved foreign currency risk management policy followed by the Group.

### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

### Trade Receivables

Customer credit risk is managed by each business unit subject to the Group established policy, procedures and control relating to customer credit risk management. To manage trade receivable, The Group periodically assesses the financial reliability of customers, taking into account the financial conditions, economic trends, analysis of historical bad debts and aging of such receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 45. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Group's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year / period. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

None of the Group's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

### Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and Maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is based on management's judgment of its strategic and day-to-day needs with a focus on total equity so as to maintain investor and creditors confidence.

The following table provides detail of the debt and equity at the end of the reporting period :

Particulars	As at	As at	As at	As at
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Gross Debt	1,320.38	1,137.66	698.93	866.44
Less : Cash and Cash equivalents (Note 13)	45.27	46.76	90.73	31.17
<b>Net Debt (A)</b>	<b>1,275.11</b>	<b>1,090.90</b>	<b>608.20</b>	<b>835.27</b>
Total Equity (B)	2,824.48	2,622.71	2,277.68	1,990.21
<b>Net Debt to Equity Ratio (A/B)</b>	<b>0.45</b>	<b>0.42</b>	<b>0.27</b>	<b>0.42</b>

### 46 Foreign Currency Exposure

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations will arise.

The carrying amounts of The Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	As at	As at	As at	As at
	Sept 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
<b>Trade payable</b>				
USD/INR	68.43	88.56	41.98	70.18
Amount in FC	9,19,745	12,11,297.42	5,45,608.90	9,98,095.58
JPY/INR	0.29	-	-	-
Amount in FC	4,20,000	-	-	-
CNY/INR	-	-	0.00	-
Amount in FC	-	-	40.00	-
<b>Trade receivable</b>				
USD/INR	18.39	19.44	14.31	12.32
Amount in FC	2,52,931	2,65,834.04	1,85,949.87	1,75,222.91

### Foreign currency sensitivity analysis:

The following details are demonstrate The Group's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity and vice-versa.

Impact on profit or loss	As at	As at	As at	As at
	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
INR strengthens by 5%				
USD Impact	(2.50)	(3.46)	(1.38)	(2.89)
JPY Impact	0.01	-	-	-
CNY Impact	-	-	(0.00)	-
INR weakening by 5%				
USD Impact	2.50	3.46	1.38	2.89
JPY Impact	0.01	-	-	-
CNY Impact	-	-	0.00	-

### 47 First Time Adoption of Ind AS

The restated consolidated statement of assets and liabilities of the Group as at September 30, 2021 and the restated consolidated statement of profit and loss, the restated consolidated statement to changes in equity and the restated consolidated statement of cash flows for the period ended September 30, 2021 and restated other financial information has been prepared under Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

These restated Ind AS financial statements, for the period ended September 30, 2021, are the first financial statements prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 ("IGAAP" or "Previous GAAP").

The information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 included in this restated consolidated financial statements have been compiled from special purpose consolidated financial statements of respective years being prepared by the management in accordance with the Indian Accounting Standard (Ind AS) (the “Special Purpose Ind AS Consolidated Financial Statements”) by making Ind AS adjustments to the audited consolidated financial statements of the Company as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with previous GAAP. For the purpose of Special Purpose Ind AS Consolidated Financial Statements for the years ended March 31, 2020 and 31 March 2019, the Group has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions) as per Ind AS 101 as initially adopted on transition date i.e. April 01, 2020. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Special Purpose Ind AS Consolidated Financial Statements as of and for the years ended March 31, 2020 and March 31, 2019 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (i.e. 1 April 2020).

In addition to the adjustments carried herein, the Group has also made material restatement adjustments in accordance with SEBI Circular and Guidance Note (refer Annexure VII). Together these constitute the restated consolidated financial information.

#### **A. Exemptions and Exceptions Aailed**

The accounting policies set out in Note 2 have been applied in preparing the Restated consolidated financial information. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### **A.1 Ind AS optional exemptions**

###### **A.1.1 Deemed cost for property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statement as at the date of transition to Ind AS, measured as per previous GAAP and used that as its deemed cost as at the date of transition after making necessary adjustment for decommissioning liabilities. Accordingly, the Group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value as at transition date April 01, 2020. For the purpose of Restated consolidated financial information for the year ended March 31, 2021, March 31, 2020 and March 31, 2019, the Group has provided the depreciation based on the estimated useful life of respective years.

The Group has elected to measure intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

###### **A.1.2 Business Combination**

The Group has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, “Business Combinations” to business combinations consummated prior to the transition Date.

###### **A.1.3 Fair value measurement of financial assets or financial liabilities at initial recognition**

Ind AS 101 provides the option to apply the requirements in paragraph B5.1.2A (b) of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS. The Group elected to apply the Ind AS 109 prospectively to financial assets and financial liabilities after its transition date.

###### **A.1.4 Leases**

The Group has adopted Ind AS 116 by applying exemption provided under Ind AS 101. Following approach is followed on transition date (April 01, 2020) when applying Ind AS 116 initially:

- i) lease liability is recognised, for leases which were previously classified as operating leases, by measuring the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- ii) a right of use assets is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of assets and liabilities immediately before the date of initial application.

The Group also applied the available practical expedients wherein it:

- a)Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- b)Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- c)Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

##### **A.2 Ind AS mandatory exceptions**

###### **A.2.1 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

###### **A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

###### **A.2.3 Estimates**

On assessment of the estimates made under the previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL
- Determination of the discounted value for financial instruments carried at amortised cost.
- Impairment of financial assets based on the expected credit loss model.

#### **B. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**B.1 Reconciliation of total equity between previous GAAP and Ind AS**

	Notes to first-time adoption	As at		
		March 31, 2021	March 31, 2020	March 31, 2019
<b>Total Equity (shareholders funds) as per previous GAAP</b>		<b>2,353.61</b>	<b>2,088.08</b>	<b>1,902.25</b>
<b>Adjustments:</b>				
- Leases	C.6	(0.89)	(0.91)	(0.75)
- Depreciation on PPE	C.1	313.11	206.21	98.59
- Fair valuation of investment in mutual funds	C.4	15.39	9.58	6.21
- Financial assets measured at FVOCI	C.2	0.28	0.21	0.12
- Actuarial valuation impact on employee benefits	C.3	24.42	30.04	18.21
- Allowance for expected credit loss	C.7	(2.08)	(1.10)	(1.99)
- Interest Expenses on borrowings using EIR	C.5	0.94	0.79	1.10
- Tax adjustments	C.8 & D.1	(82.07)	(55.22)	(33.53)
<b>Total Adjustments</b>		<b>269.10</b>	<b>189.60</b>	<b>87.95</b>
<b>Total Equity as per Restated Ind AS</b>		<b>2,622.71</b>	<b>2,277.68</b>	<b>1,990.21</b>

**B.2 Reconciliation of total comprehensive income between previous GAAP and Ind AS**

	Notes to first-time adoption	For the year ended		
		March 31, 2021	March 31, 2020	March 31, 2019
<b>Profit After Tax as per previous GAAP</b>		<b>265.53</b>	<b>185.83</b>	<b>226.44</b>
<b>Adjustments:</b>				
- Leases	C.6	0.01	(0.16)	(0.15)
- Depreciation on Property, Plant and Equipment	C.1	106.91	107.62	98.59
- Fair valuation of investment in mutual funds	C.4	5.81	3.37	(0.01)
- Actuarial valuation impact on employee benefits	C.3	(5.63)	11.84	(11.21)
- Remeasurements of the defined benefit plans reclassified to OCI	C.3	4.83	(16.72)	11.40
- Allowance for expected credit loss	C.7	(0.98)	0.89	0.54
- Interest Expenses on borrowings using EIR	C.5	0.15	(0.31)	1.10
- Tax adjustments	C.8 & D.1	(28.06)	(17.49)	(35.96)
<b>Net profit under Ind AS</b>		<b>348.57</b>	<b>274.87</b>	<b>290.74</b>
Add: Other Comprehensive Income(Net of Tax)		(3.55)	12.61	(8.50)
<b>Total Comprehensive Income for the Year</b>		<b>345.02</b>	<b>287.48</b>	<b>282.24</b>

**B.3 Impact of Ind AS adoption on the Restated Summary Statement of Cash Flows**

There were no material differences between the restated summary statement of cash flow and cash flow statement under previous GAAP.

**C. Notes to First Time Adoption:****C.1. Depreciation on Property, Plant and Equipment**

Under previous GAAP, the Group used to depreciate its tangible assets, except leasehold improvements under Written Down Value (WDV) method. To reflect the pattern in which asset's future economic benefits are expected to be consumed, the Group with effect from April 01, 2020 has changed its method of depreciation to Straight Line Method ('SLM') in respect of the assets which were hitherto depreciated under WDV method. As a consequence, the depreciation in the Restated Consolidated Statement of Profit and Loss for the year ended March 31, 2021 is reduced and corresponding increase in the value of fixed assets.

For the purpose of Special Purpose Ind AS Consolidated Financial Statements for the years ended March 31, 2020 and 31 March 2019, the Group has followed the same accounting policy and accounting policy choices as initially adopted on transition date i.e. April 01, 2020. Accordingly, suitable restatement adjustments in the accounting heads are made to the Special Purpose Ind AS Consolidated Financial Statements as of and for the years ended March 31, 2020 and March 31, 2019.

**C.2. Equity Instruments designated through OCI**

Under the Previous GAAP, investments in equity instruments were classified as long-term investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments (other than Investment in subsidiaries, associates/ joint ventures) are required to be measured at fair value. Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI equity instruments reserve as at the date of transition and subsequently in the other comprehensive income.

**C.3. Actuarial valuation impact on employee benefits**

Upto the year ended March 31, 2021 the Group did not make provision for gratuity and leave encashment in accordance with the requirement of applicable accounting standard. Accordingly, provision for gratuity and leave encashment has been restated by the Group for the year ended March 31, 2019, March 31, 2020 and March 31, 2021 in accordance with Ind AS 19. Further, provision for gratuity and leave encashment upto year ended 31 March 2018 which were not booked earlier as per applicable accounting standard, is debited/credited to retained earning as at April 01, 2018.

Under the previous GAAP, the remeasurements of the defined benefit plans were forming part of the profit or loss for the year. Under Ind AS, these remeasurements of the defined benefit plans i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss.

**C.4. Fair valuation of investment in mutual funds**

Under Previous GAAP, current investments in instruments such as mutual funds are recognised at cost or net realisable value, whichever is lower. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the Restated consolidated statement of profit and loss for the year ended March 31, 2021, March 31, 2020, March 31, 2019 and April 01, 2018.

**C.5. Interest Expenses on borrowings using EIR**

Under the previous GAAP, the processing fees for borrowings was charged off as finance cost during the year it was incurred. Under Ind AS, the processing fees has been recognised based on the Effective Interest Rate (EIR) method over the period of loan. Accordingly processing fees has been recognised as prepaid expenses in the year in which it was incurred and amortised over the period of the loan based on the EIR method.

#### C.6. Leases

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the consolidated statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Group has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments.

#### C.7. Allowance for expected credit loss

As per Ind AS 109 requirement, expected credit loss impact on Trade receivable has been worked out for the purpose of restated financial statement and shown as adjustments.

#### C.8. Deferred tax assets (net)

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet for future tax consequences of temporary difference between the carrying value of assets and liabilities and their respective tax bases. Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the restated consolidated financial information.

#### C.9. Retained earnings

Retained earnings as at 1st April, 2020 has been adjusted consequent to the above Ind AS transition adjustments. For the purpose of Special Purpose Ind AS Consolidated Financial Statements for the years ended March 31, 2020 and 31 March 2019, the Group has followed the same accounting policy and accounting policy choices as initially adopted on transition date i.e. April 01, 2020. Accordingly, suitable restatement adjustments are made to the Retained earnings as at 1st April, 2018.

#### C.10. Equity Shares pending allotment pursuant to Scheme\*

Share capital pending allotment pursuant to the scheme of arrangement was earlier presented under equity share capital under previous GAAP which has now been presented under other equity under Ind AS. There is no impact of the same on the total equity as at March 31, 2019 and total comprehensive income for the year ended March 31, 2019.

#### D. Other Restated Adjustments

**D.1** During the year ended March 31, 2019, the Group has recognised prior period expense such as interest on income tax pertaining to year ended March 31, 2018. Hence, this expense is debited to retained earning as at 01 April 2018 and prior period expense booked in year ended March 31, 2019 is reversed. Also, the income tax provisions and actual income tax paid being not material restated in respective year.

**D.2** For the purpose of Special Purpose Ind AS Consolidated Financial Statements for the years ended March 31, 2020 and 31 March 2019, the Group has followed the same accounting policy and accounting policy choices as initially adopted on transition date i.e. April 01, 2020. Accordingly, suitable restatement adjustments in the accounting heads are made to the Special Purpose Ind AS Consolidated Financial Statements as of and for the years ended March 31, 2020 and March 31, 2019.

**D.3** Provision for doubtful debts have been restated in the respective accounting years in which the said provisions were made.

#### 48 Tax Reconciliation

Particulars	For the period ended Sep 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Net Profit as per Restated consolidated statement of profit and loss (before tax)</b>	<b>254.65</b>	<b>474.92</b>	<b>351.05</b>	<b>379.44</b>
<b>Current Tax rate @ Applicable Tax Rates</b>	<b>64.09</b>	<b>119.53</b>	<b>116.02</b>	<b>121.05</b>
<i>Adjustment:</i>				
Allowability of Depreciation & Employee Benefits	(4.77)	(13.08)	(40.52)	(33.51)
Amount of eligible / ineligible expenditure	0.70	(0.73)	2.03	0.90
Tax deductions, Exemptions & Losses Set Off	-	(1.38)	(13.63)	(26.41)
Other adjustments	(1.10)	5.56	(9.49)	(4.08)
<b>Tax Provision as per Books</b>	<b>58.92</b>	<b>109.90</b>	<b>54.40</b>	<b>57.94</b>

#### 49 Financial Ratios

Ratios/Measure	Methodology	Sept. 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
a) Current ratio	Current assets over current liabilities	1.62	1.63	1.90	1.59
b) Debt equity ratio	Debt over total shareholders' equity	0.47	0.43	0.31	0.44
c) Debt service coverage ratio	EBIT over current debt	23.88%	50.25%	66.97%	58.76%
d) Return on equity %	PAT over total average equity	7.10%	14.23%	12.88%	15.72%
e) Trade receivables turnover ratio	Revenue from operations over average trade receivables	261.21%	630.73%	688.24%	675.22%
f) Trade payables turnover ratio	Adjusted expenses over average trade payables	399.65%	801.10%	785.70%	766.03%
g) Net capital turnover ratio	Revenue from operations over average working capital	7.33%	15.12%	14.55%	16.64%
h) Net profit %	Net profit over revenue	3.89%	4.00%	3.66%	3.41%
i) EBITDA %	EBITDA over revenue	7.42%	8.00%	7.16%	7.03%
j) Return on capital employed %	EBIT over Capital employed	9.52%	18.55%	17.08%	20.86%
k) Return on investment	Interest income, net gain on sale of investments and net fair value gain over average investments.	3.42%	11.07%	1.71%	2.89%

#### Notes:-

EBIT - Earnings before interest and taxes.

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes

Adjusted expenses refers to other expenses net of non-cash expenses and donations

Capital employed refers to Total Assets less Current Liabilities as at close of period/year.

All figures related to profit and loss have been extrapolated for the purpose of calculation of ratios.

The above ratios have been computed on the basis of the Restated Consolidated Financial Information and ratios for current period are not annulised.

#### Explanation for variances exceeding 25%

k) Return in Investment is increases due to increase in NAV of Mutual Fund investments.

**50 Amalgamation of Asian Magnetic Devices Pvt Ltd and Rosebud Holding Pvt Ltd in Elin Electronics Limited :**

- i On 3rd Nov 2018, the Board of Parent Company had approved a Scheme of Amalgamation ("Scheme") for amalgamation of Asian Magnetic Devices Pvt Ltd ("ASIAN") and Rosebud Holding Pvt Ltd ("ROSEBUD") (hereinafter referred together as "Transferor Companies") with the Parent Company, Elin Electronics Limited ("EEL" or "Parent Company" or referred as "Transferee Company") in accordance with the provisions of Sections 230 – 232 read with other relevant provisions of the Companies Act, 2013.
- ii The Hon'ble National Company Law Tribunal, Kolkata Bench ("Hon'ble NCLT") approved and sanctioned the Scheme B689. Certified copy of the Order of the Hon'ble NCLT was filed with the Registrar of Companies, West Bengal, on 2nd November 2019 and accordingly the Scheme became effective from the said date ("Effective Date").
- iii As provided for in the Scheme, the Authorised Share Capital of Rs. 0.75 Million of ASIAN and Rs. 20 Million of ROSEBUD had been consolidated with the Authorised Share Capital of the Parent Company and the Authorised Share Capital of the Parent Company stands increased to Rs. 102.5 Million.
- iv The amalgamation had been accounted for under the Pooling of Interest Method as prescribed in Accounting Standard (AS-14)-"Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules 2006 as amended from time to time.
- v Consequent to the Scheme becoming effective, the entire business and the undertaking of Transferor Companies together with all the assets and liabilities, duties and obligations including contingent liabilities stand transferred to and vested in the Parent Company. The Appointed Date under the Scheme was 1st April 2018. Accordingly, accounting impact of the amalgamation had been given in the consolidated financial statements for the year ended 31st March 2019. The difference between the book value of net assets of Transferor Companies transferred to the Parent Company and the par value of equity shares allotted by the Parent Company had been charged to General Reserve.
- vi Pursuant to the Scheme, 6,03,600 Shares held by ASIAN and 4,38,400 Shares held by ROSEBUD in the Parent Company stand cancelled. Also, 1,00,000 shares of ASIAN held by the Parent Company out of its total shares of 4,00,000 stands cancelled.
- vii On 22nd January 2020, the Board of Directors of the Parent Company issued and allotted to the other shareholders of ASIAN, its shares in the ratio of 5 (five) equity shares of Rs. 10 each fully paid up of the Parent Company for every 1 (one) equity share of ASIAN; and to all the other shareholders of ROSEBUD, its shares in the ratio of 1 (one) equity share of Rs. 10 each fully paid up of the Parent Company for every 4 (four) Equity Shares of ROSEBUD, based on the shareholding as on the record date. In aggregate 18,50,000 equity shares of Rs. 10 each were allotted.

**51 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary.**

Name of the Enterprises	Relationship	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
		As % of total consolidated net assets	Amounts (In Rs)	As % of total consolidated Profit or Loss	Amounts (In Rs)
<b>Elin Electronics Limited</b>					
March 31, 2019		76.13%	1,515.04	66.18%	186.78
March 31, 2020	Holding Company	76.02%	1,731.51	75.30%	216.47
March 31, 2021		76.47%	2,005.51	79.41%	274.00
September 30, 2021		76.97%	2,173.90	83.46%	168.39
<b>Elin Appliances Private Limited</b>					
March 31, 2019	Wholly owned	23.87%	475.16	33.82%	95.46
March 31, 2020	Subsidiary	23.98%	546.17	24.70%	71.01
March 31, 2021		23.53%	617.20	20.59%	71.02
September 30, 2021		23.03%	650.58	16.54%	33.38

52 For the Financial Year 2020-21 and for subsequent period, the Parent Company has after evaluation, decided to adopt the option permitted under section 115BAA of Income Tax Act, 1961 (as introduced by the Taxation Laws (Amendment) Ordinance 2019) of the lower effective corporate tax rate of 25.17% (including surcharge and cess) instead of the earlier rate of 34.94% (including surcharge and cess). Accordingly, the Parent Company has recognized the Provision for Income Tax for the financial year ended 31st March 2021 and subsequent period based on the rates prescribed in the aforesaid section.

53 Figures for the period ended September 30, 2021 in the Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash flows and the respective notes are for the period of 6 months (April 01, 2021 to September 30, 2021), whereas the details in said statements and notes for the other years presented are for 12 months. To this extent, figures reported for period ended September 30, 2021 are not comparable with other year figures.

As per our report of even date attached  
**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Reg. No.: 016520N**

--Sd--  
**Sunil Bhansali**  
**Partner**  
**M.No.: 054645**

New Delhi, November 09, 2021

**For and on behalf of the Board**

--Sd--  
 Kamal Sethia  
**Managing Director**  
 DIN: 00081116

--Sd--  
 Raj Karan Chhajjer  
**Chief Financial Officer**  
 PAN: AAAPC0561C

--Sd--  
 Sanjeev Sethia  
**Whole Time Director**  
 DIN: 00354700

--Sd--  
 Avinash Karwa  
**Company Secretary**  
 M.No.: A20424

New Delhi, November 09, 2021

**ELIN ELECTRONICS LIMITED**
**Annexure VII - Statement of Adjustments to the Restated Consolidated Financial information**
*(All amounts are in INR Millions, unless otherwise stated)*

Summarised below are the restatement adjustments made to equity for the period/ years ended September 30, 2021, March 31, 2021, March 31, 2020 and 31 March 2019, and their consequential impact on the equity of the Group:

	For the period April 01, 2021 to Sept. 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Total Equity as per Audited Special Purpose Consolidated Ind AS Financial Statements</b>	<b>2,824.48</b>	<b>2,622.71</b>	<b>2,277.79</b>	<b>1,989.37</b>
<b>B. Adjustment:</b>				
<b>Material restatement adjustments</b>				
(i) <b>Audit qualification</b>	-	-	-	-
(ii) <b>Adjustments due to prior period items/ other adjustments</b>				
- Difference on Account of Change in Provision for Income Tax	-	-	(0.11)	0.84
	-	-	(0.11)	0.84
<b>C. Total impact of adjustments in (i+ii)</b>	<b>-</b>	<b>-</b>	<b>(0.11)</b>	<b>0.84</b>
<b>D. Total equity as per restated consolidated financial information (A+C)</b>	<b>2,824.48</b>	<b>2,622.71</b>	<b>2,277.68</b>	<b>1,990.21</b>

Summarised below are the restatement adjustments made to the net profit after tax for the period/ years ended September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019 their impact on the profit / (loss) of the Group:

	For the period April 01, 2021 to Sept. 30, 2021	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Net profit after tax as per Audited Special Purpose Consolidated Ind AS Financial Statements</b>	<b>201.77</b>	<b>348.46</b>	<b>275.82</b>	<b>290.51</b>
<b>B. Adjustments:</b>				
<b>Material restatement adjustments</b>				
(i) <b>Audit qualifications</b>	-	-	-	-
(ii) <b>Adjustments due to prior period items/ other adjustments</b>				
- Difference on Account of Change in Provision for Income Tax	-	0.11	(0.94)	0.22
	-	0.11	(0.94)	0.22
<b>C. Total impact of adjustments in (i+ii)</b>	<b>-</b>	<b>0.11</b>	<b>(0.94)</b>	<b>0.22</b>
<b>D. Net profit after tax as per restated consolidated financial information (A+C)</b>	<b>201.77</b>	<b>348.57</b>	<b>274.87</b>	<b>290.74</b>

**Note to adjustment:**

1. **Adjustments for audit qualification:** None

**2. Material regrouping**

Appropriate adjustments have been made in the restated consolidated financial information, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the Division II Ind AS Schedule III of the Companies Act, 2013 ('the Act') and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended). Accordingly, the Group has presented the Restated consolidated financial information as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 following the requirements of Schedule III of the Act.

**3. Material restatement adjustments**
**a. Difference on Account of Change in Provision for Income Tax:**

Since the Restated Profit is changed so that Provision for income Tax also got changed.

**b. Others**

(i) Share capital pending allotment pursuant to the scheme of arrangement was earlier presented under equity share capital under previous GAAP which has now been presented under other equity under Ind AS. There is no impact of the same on the total equity as at March 31, 2019 and total comprehensive income for the year ended March 31, 2019.

(ii) The income tax provisions and actual income tax paid being not material restated in respective year

(iii) During the year ended March 31, 2019, Group has recognised prior period expense such as interest on income tax pertaining to year ended March 31, 2018. Hence, this expense is debited to retained earning as at 01 April 2018 and prior period expense booked in year ended March 31, 2018 is reversed.

**4. Non-adjusting items:**
**a. Qualifications and Emphasis of Matters in the Auditors' report which do not require any corrective adjustments in the Restated Financial Information:**
**i. Annexure to Auditor's report for the financial year ended March 31, 2021**
**Emphasis of matter – Covid-19**

We draw attention to Note 27(k) of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period. Our opinion is not modified in respect of above matters.

**ELIN ELECTRONICS LIMITED****Annexure VII - Statement of Adjustments to the Restated Consolidated Financial information***(All amounts are in INR Millions, unless otherwise stated)***ii. Annexure to Auditor's report for the financial year ended March 31, 2020****Emphasis of matter – Amalgamation**

We draw attention to Note 27(j) of the consolidated financial statements which describes the scheme of amalgamation (“the scheme”) becoming effective on 2<sup>nd</sup> November 2019, the appointed date being 1<sup>st</sup> April 2018. We further refer to note 27(o) of the consolidated financial statements which states that pursuant to the scheme and consequential effects thereof, the audited consolidated financial statement of the previous year ended 31<sup>st</sup> March 2019, issued on 14<sup>th</sup> June 2019, have been restated to give effect of the scheme. Our opinion is not modified in respect of above matters.

**Emphasis of matter – Covid-19**

We draw attention to Note 27(k) of the consolidated financial statements which describes management's assessment of the impact of the outbreak of COVID-19 pandemic on its business operations and financial results. The said assessment made by the management is highly dependent upon the circumstances as they evolve in subsequent period. Our opinion is not modified in respect of above matters.

**b. Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Resisted Financial Information:****i. Annexure to Auditor's report for the financial year ended March 31, 2021**

Clause (vii) (b): According to the information and explanations given to us, disputed statutory dues outstanding over six months as at March 31, 2021 aggregating to Rs. 3.50 Millions (Net of advance) that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	3.50	Oct 1995 – Sep 2011	High Court, Mumbai

**ii. Annexure to Auditor's report for the financial year ended March 31, 2020**

Clause (vii) (b): According to the information and explanations given to us, disputed statutory dues outstanding over six months as at March 31, 2020 aggregating to Rs. 3.50 Millions (Net of advance) that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	3.50	Oct 1995 – Sep 2011	High Court, Mumbai

**iii. Annexure to Auditor's report for the financial year ended March 31, 2019**

Clause (vii) (b): According to the information and explanations given to us, disputed statutory dues outstanding over six months as at March 31, 2019 aggregating to Rs. 3.50 Millions (Net of advance) that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	3.50	Oct 1995 – Sep 2011	High Court, Mumbai

*(This space has been intentionally left blank)*

## OTHER FINANCIAL INFORMATION

1. The accounting ratios derived from Restated Consolidated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below:

### Pre share bonus & split

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Basic Earnings per Equity Shares (in ₹)	4.73	51.21	40.38	42.71
Diluted Earnings per Equity Shares (in ₹)	4.73	51.21	40.38	42.71
Return on net worth (in %)	6.84	13.29	12.07	14.61
Net asset value per Equity Share (in ₹)	69.16	385.31	334.62	295.11
EBITDA (₹ in million)	384.55	690.03	562.43	582.14

Notes:

1. The ratios on the basis of Restated Consolidated Financial Statements have been computed as below:

Basic earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of equity shares in calculating basic EPS}}$
Diluted earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares in calculating diluted EPS}}$
Return on net worth (%) =	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹) =	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA =	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

2. Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.
3. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. This has been adjusted for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.
4. Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non-controlling interest.
5. The above ratios have been computed on the basis of the Restated Consolidated Financial Statements.
6. EBITDA" means earnings before interest, tax, depreciation and amortization.
7. Basic & Diluted EPS and Net Assets Value for the 6 months period ended / as on September 30, 2021 are not annulised

### Post share bonus and split

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Basic Earnings per Equity Shares (in ₹)	4.73	8.53	6.73	7.12

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Diluted Earnings per Equity Shares (in ₹)	4.73	8.53	6.73	7.12
Return on net worth (in %)	6.84	13.29	12.07	14.47
Net asset value per Equity Share (in ₹)	69.16	64.22	55.77	49.18
EBITDA (₹ in million)	384.55	690.03	562.43	582.14

Notes:

1. The ratios on the basis of Restated Consolidated Financial Statements have been computed as below:

Basic earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of equity shares in calculating basic EPS}}$
Diluted earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares in calculating diluted EPS}}$
Return on net worth (%) =	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹) =	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA =	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

- Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.
  - Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. This has been adjusted for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.
  - Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non-controlling interest.
  - The above ratios have been computed on the basis of the Restated Consolidated Financial Statements.
  - EBITDA" means earnings before interest, tax, depreciation and amortization.
  - Basic & Diluted EPS and Net Assets Value for the 6 months period ended / as on September 30, 2021 are not annulised
2. The accounting ratios (as adjusted for changes in capital, if any) derived on a consolidated basis, calculated on total number of equity shares and Net Worth prior to elimination of equity share capital relating to shares held by the Subsidiary:

#### Pre share bonus & split

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Basic Earnings per Equity Shares (in ₹)	4.54	49.12	38.74	40.97
Diluted Earnings per Equity Shares (in ₹)	4.54	49.12	38.74	40.97
Return on net worth (in %)	6.84%	13.29%	12.07%	14.47%
Net asset value per Equity Share (in ₹)	66.34	369.62	321.00	283.09

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
EBITDA (₹ in million)	384.55	690.03	562.43	582.14

Notes:

- The ratios on the basis of Restated Consolidated Financial Statements have been computed as below:

Basic earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of equity shares in calculating basic EPS}}$
Diluted earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares in calculating diluted EPS}}$
Return on net worth (%) =	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹) =	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA =	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

- Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.
- Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. This has been adjusted for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.
- Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non-controlling interest.
- The above ratios have been computed on the basis of the Restated Consolidated Financial Statements.
- EBITDA" means earnings before interest, tax, depreciation and amortization.
- Basic & Diluted EPS and Net Assets Value for the 6 months period ended / as on September 30, 2021 are not annulised

#### Post share bonus and split

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Basic Earnings per Equity Shares (in ₹)	4.54	8.19	6.46	6.83
Diluted Earnings per Equity Shares (in ₹)	4.54	8.19	6.46	6.83
Return on net worth (in %)	6.84%	13.29%	12.07%	14.47%
Net asset value per Equity Share (in ₹)	66.34	61.60	53.50	47.18
EBITDA (₹ in million)	384.55	690.03	562.43	582.14

Notes:

- The ratios on the basis of Restated Consolidated Financial Statements have been computed as below:

Basic earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of equity shares in calculating basic EPS}}$
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Diluted earnings per share (₹) =	$\frac{\text{Profit for the year attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares in calculating diluted EPS}}$
Return on net worth (%) =	$\frac{\text{Net profit/(loss) as restated, attributable to Shareholders (excluding exceptional items)}}{\text{Net worth at the end of the year}}$
Net asset value (NAV) per Equity Share (₹) =	$\frac{\text{Net worth, as restated at the end of the year}}{\text{Number of Equity Shares outstanding during the year}}$
EBITDA =	Profit before tax - Other income + Finance cost + Depreciation and amortisation expense

2. *Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per Share as notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.*
3. *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. This has been adjusted for all periods presented by giving effect to bonus and subdivision subsequent to the balance sheet date.*
4. *Net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account and debit balance of non-controlling interest.*
5. *The above ratios have been computed on the basis of the Restated Consolidated Financial Statements.*
6. *EBITDA” means earnings before interest, tax, depreciation and amortization.*
7. *Basic & Diluted EPS and Net Assets Value for the 6 months period ended / as on September 30, 2021 are not annulised*

The audited standalone financial statements of our Company and our Material Subsidiary as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the “Audited Financial Statements”) are available at <https://www.elinindia.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 and the reports thereon 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 to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the entities specified above or any of its advisors, nor any 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.

## **RELATED PARTY TRANSACTIONS**

For further details of the related party transactions, as per the requirements under applicable Indian Accounting Standards i.e. Ind AS 24 '*Related Party Transactions*' for the six months ended September 30, 2021 and the years ended March 31, 2021, March 31, 2020, and March 31, 2019 as reported in the Restated Consolidated Financial Statements, see "*Financial Statements – Note 42 - Related Party Disclosures*" on page 268.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscals 2019, 2020, 2021 and for the six months ended September 30, 2021. Unless otherwise stated, the financial information in this section has been derived from the Restated Consolidated Financial Information, which have been derived from our audited consolidated financial statements and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see "Financial Statements" on page 223.*

*Unless the context otherwise requires, in this section, references to "we", "us", "the Group" or "our" refers to Elin Electronics Limited on a consolidated basis and references to "the Company" or "our Company" refers to Elin Electronics Limited on a standalone basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Assessment of Electronics Manufacturing Services (EMS) Industry in India" dated October 2021 (the "F&S Report"), exclusively prepared and issued by Frost and Sullivan who were appointed on August 24, 2021, and commissioned by and paid for by us. The data included herein includes excerpts from the F&S Report and may have been re-ordered by us for the purposes of presentation. For risks in relation to commissioned reports, see "Risk Factors – Certain sections of this Draft Red Herring Prospectus disclose information from an industry report commissioned by us and any reliance on such information for making an investment decision in the Offer is subject to inherent risks." on page 43. Also see, "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 15.*

### OVERVIEW

We are a leading electronics manufacturing services ("**EMS**") manufacturer of end-to end product solutions for major brands of lighting, fans, and small/ kitchen appliances in India, and are one of the largest fractional horsepower motors manufacturers in India. Based on our overall market, we are projected to be the largest players in this category, with a market share of 12 % in Fiscal 2021. (*Source: F&S Report*) In addition, we are one of the key players in LED lighting and flashlight with EMS market share of approximately 7% in Fiscal 2021, and are also one of the key players in small appliances vertical with EMS market share of 10.7% in Fiscal 2021. (*Source: F&S Report*)

We manufacture and assemble a wide array of products and provide end-to-end product solutions. We serve under both original equipment manufacturer ("**OEM**") and original design manufacturer ("**ODM**") business models. Under the OEM model, we manufacture and supply products basis designs developed by our customers, who then further distribute these products under their own brands. Under the ODM model, in addition to manufacturing, we conceptualize and design the products which are then marketed to our customers' prospective customers under their brands. We have developed ODM capabilities with respect to lighting products and small appliances.

Our key diversified product portfolio in EMS includes (i) LED lighting, fans and switches including lighting products, ceiling, fresh air and TPW fans, and modular switches and sockets; (ii) small appliances such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryer and hair straightener; (iii) fractional horsepower motors, which is used in mixer grinder, hand blender, wet grinder, chimney, air conditioner, heat convector, TPW fans etc.; and (iv) other miscellaneous products such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting, radio sets. In addition to our EMS offerings, we also manufacture medical diagnostic cartridges for use in diagnostic devices, and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors. We manufacture and sell fractional horsepower motors in our own brand name "Elin".

We offer innovative solutions to our customers, which include leading international and national consumer electronics brands. Our comprehensive solution suite includes global sourcing, fabrication of components and parts, captive manufacturing and assembly, quality testing, packaging and logistics support, which enables us to partner with leading consumer electronics and appliances brands in India. Our key customers by business verticals include:

- *LED lighting, fans and switches:* Signify Innovations and Eveready;
- *Small appliances:* Philips, Bosch, Faber, Panasonic and Usha;
- *Fractional horsepower motors:* Havells, Bosch, Faber, Panasonic, Preethi (owned by Philips), Groupe SEB (Maharaja brand) and Usha;
- *Medical diagnostic cartridges:* Molbio Diagnostics Private Limited; and
- *Moulded and sheet metal parts and components:* Denso and IFB.

Our revenue from operations in Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021 was ₹ 8,285.45 million, ₹ 7,855.84 million, ₹ 8,623.78 million and ₹ 5,182.46 million, respectively. Our key product vertical wise revenue for the periods indicated is set out below:

(₹ in million)

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021
EMS	6,657.54	6,358.94	6,631.85	4,026.38
- LED lighting, fans and switches	3,161.41	2,928.05	2,557.82	1,431.46
- Small appliances	2,298.09	1,939.00	1,933.71	1,317.65
- Fractional horsepower motors	1,020.96	1,190.51	1,843.97	1,157.84
- Other EMS products	177.08	301.38	296.35	119.43
Medical diagnostic cartridges	-	42.32	420.95	139.83
Moulded and sheet metal parts and components	1,253.69	1,097.18	1,232.96	855.01

We have decades of experience in EMS sector. Since inception, we have expanded our product portfolio, customer base and gained technological expertise in designing and manufacturing of our products. In 1973, we commenced manufacturing of tape deck mechanism for use in audio cassette players. In 1977, we commenced manufacturing of motors as a backward integration. In 1999, we started manufacturing of small appliances. In 2001, we commenced manufacturing of LED lighting and subsequently progressed into manufacturing of flashlights in 2007. In 2019, we started manufacturing fans. The most recent product vertical that we have entered into is the manufacturing of medical diagnostic cartridges, which we commenced in 2019. In the past, we have also manufactured, in collaboration with well-known global companies, tape deck mechanism, motors and compact disc mechanism.

We have an experienced Board of Directors and management team. Our management, including key managerial personnel have expertise and experience in the EMS industry.

We have three manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). As on September 30, 2021, our large scale setup included 149 units of molding machines and 105 units of power presses which enable us bringing efficiencies and economies of scale. Our modern and state-of-art manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable us to meet the quality requirements of our customers in a timely manner. In line with our focus to provide end-to-end product solutions and to develop better control on our supply chain and improve our margins, we have backward integrated our major manufacturing processes. We have developed in-house capabilities in SMT lines, die and mold manufacturing, injection molding, sheet metal components, semi-automated motor assembly, testing labs and surface coating. Our tool room has sophisticated machinery to produce quality tools and dies which in turn supports quality components and sub-assemblies. We have equipped our facilities to improve our cost efficiency, reduce dependency on third party suppliers and provide better control on production time and quality of critical components used in the manufacturing of products.

We have a centralized R&D centre in Ghaziabad (Uttar Pradesh), recognised by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India (“**DSIR**”) since 1992, focusing on the research and development on all aspects of OEM and ODM models including concept sketching, design refinement, generating optional features and testing. This enables us to address our consumers’ diverse needs, introduce new and innovative products in the market, enhance existing products with emerging technologies, and optimize costs across our products through value analysis and value engineering. As on September 30, 2021, our R&D team consisted of 136 employees, including engineers, designers and other workers. During Fiscals 2019, 2020 and 2021 and six-month period ended September 30, 2021, expenditure on research and product development including capital expenditure was ₹ 78.51 million, ₹ 65.70 million, ₹ 60.46 million and ₹ 28.61 million, respectively. Our revenue from ODM contributed to 7.40%, 11.26%, 11.90% and 7.56% of our revenue from operations in Fiscals 2019, 2020 and 2021 and the six-month period ended September 30, 2021.

Our key financial performance indicators are:

Particulars	Period/ fiscal ended			
	March 31, 2019	March 31, 2020	March 31, 2021	September 30, 2021*
Revenue from operations (₹ in million)	8,285.45	7,855.84	8,623.78	5,182.46
EBITDA (₹ in million)	582.14	562.43	690.03	384.55
EBITDA (%)	7.03	7.16	8.00	7.42
Profit after tax (₹ in million)	290.74	274.87	348.57	193.33
PAT margin (%)	3.50	3.50	4.03	3.73
ROE (%)	15.72	12.88	14.23	7.10
ROCE (%)	20.86	17.08	18.55	9.52

\* Not annualised

## SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 25. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

### *Revenue from our Key Customers*

We depend on certain customers who have contributed to a substantial portion of our total revenues. Our top five customers accounted, cumulatively, for 66.75%, 62.93%, 69.03% and 72.36% of our total revenue in the six-month period ended September 30, 2021, and for the years ending March 31, 2021, 2020 and 2019, respectively. Our largest customer (across our business verticals) accounted for 24.14% of our consolidated total revenue in the six-month period ended September 30, 2021 and 25.93%, 33.10% and 34.68% of our total revenue for the Fiscals 2021, 2020 and 2019, respectively.

Our general purchasing arrangements with our key customers typically include terms, among others, relating to product specifications, project book, delivery schedule, warranties, supply of spare parts, supply chain security and pricing policy. Our key customers also provide us with annual operating plan and enter into scheduling agreements only for the purposes of providing non-binding information for production and manufacturing planning and such orders and agreements do not constitute purchase orders or commitment. Based on these arrangements, our customers provide us with purchase orders which typically include precise terms for lead time for delivery of products, delivery schedule in terms of quantities for certain months. There can be no assurance that we will retain the business of our existing key customers or maintain the current level of business with each of these customers.

### *Seasonality*

Our small appliances segment is subject to seasonality. Our sales are generally highest in the second quarter in the run up to the festival season in India. In relation to the category of motors which are utilised in small appliances the seasonality is subject to the similar patterns. For the LED, fans and switches segment, flashlights are sold generally in the peak summer months in India which map with the first quarter of a financial year when there is load shedding. We typically do not observe or anticipate any seasonality in other segments.

### *Availability and cost of Raw Material*

We undertake procurement of raw materials from various sources with the suppliers selected on a purchase order basis. The cost of goods sold by us in our operations was ₹ 3,852.29 million, ₹ 6,246.91 million, ₹ 5,538.01 million and ₹ 6,087.53 million for the six months ended September 30, 2021 and Fiscals 2021, 2020 and 2019, respectively. Our cost of goods sold consumed constituted 74.24%, 72.23 %, 70.42 % and 73.37 % and our other expenses (excluding tax expenses and Other comprehensive Income) constituted 20.86%, 22.28%, 25.11% and 22.06% of our total income for the for the six months ended September 30, 2021 and Fiscals 2021, 2020 and 2019, respectively.

Shortage in supply of raw materials we use in our business may result in an increase in the price of the products. Our ability to pass on increased raw material costs is impacted by a lag in the time period varying from one to three months depending on settlement cycle with customers and will correspond to an increase or decrease in our profit in absolute terms. For example, increase in raw material prices tend to increase our expenditures by approximately the same amount, resulting in our expenditures being a higher percentage of our revenues, consequently decreasing our profit margin.

We have been in the industry for over four decades and have a pool of long-standing suppliers. Further, when selecting new suppliers, we take into consideration their reputation, product quality, price, reliability, infrastructure, delivery time and credit terms.

Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing Government regulations and policies and competitive landscape.

### ***Competition***

We operate in a competitive and fragmented industry. Our Company faces potential competition from various EMS providers along with imports predominantly from China. An increase in competition can impact our market share, which may lead to price reductions. For detail on our competition see “*Our Business - Competition*” on page 186.

### ***Global economic conditions affecting demand***

Our electronics manufacturing sector is sensitive to global demand and availability of disposable incomes. Additionally, any factor that impacts our customers would have an impact on our financial statements. General economic factors, include, among others:

- global and local economic or fiscal instability;
- global and local political and regulatory measures and developments, such as tax incentives or other subsidies and environmental policies;
- global and local fiscal and monetary dynamics, such as rises or falls in interest rates (resulting in greater or lesser ability by customers to borrow money), foreign exchange rates and inflation rates;
- general levels of GDP growth in a country or region, and growth in personal disposable income in that country or region;
- demographic conditions and population dynamics, such as the absolute size of a market and the growth rates of the population in that market;
- economic development, shifting of wealth in India, in particular growth in the middle class, and change in consumer preferences;
- cost of raw material and labour; and
- global oil prices;

### ***Product Mix***

In response to a very dynamic operating environment, our Company focuses on high-growth and seeks to provide one stop shop facility to its customers. Our revenues are also affected by the selling prices of the products and the mix of product types by our customers. The profit margin for each type of products manufactured by us varies. Although we believe that the production lines will continue to be readjusted according to customers’ orders, we are committed to maximise our revenues and profits by optimising our product lines. A change in product mix may decrease the operating margins of our Company, which could have a material adverse effect on our business, financial condition and results of operations.

Our success is also dependent on the success achieved by our customers in developing and marketing their products. If technologies or standards supported by our customers become obsolete or fail to gain widespread commercial acceptance, our customers may experience a reduced demand for their products which may affect our sales, a decline in sales and in operating margins depending on the nature of the product and the end user demand and all of these combined may gradually result in a loss of customers including key ones.

### ***Impact of COVID-19***

In March 2020, the World Health Organization declared a global pandemic related to the rapidly growing outbreak of a novel strain of coronavirus known as COVID-19. Although the ultimate impacts of COVID-19 remain uncertain in light of a surge in COVID-19 infections and the re-imposition of regional and local lockdowns due to such surge, the pandemic is accelerating the use of electronic items. We believe the pandemic has pushed people to look to alternative mechanisation of personal and home electronics, and our customers are well suited the options consequently increasing demand. Therefore, while it remains possible that sustained or deepened impact on consumer demand resulting from COVID-19 or the related economic recession could negatively impact our performance, we believe that we are well positioned to weather the pandemic.

Ultimately, the magnitude and duration of the impact to our operations is impossible to predict due to:

- uncertainties regarding the duration of the COVID-19 pandemic, surges of infections and new strains, how long related disruptions will continue and the efficacy and speed of the roll-out of COVID-19 vaccines;
- the impact of governmental orders and regulations that have been, and may in the future be, imposed; and
- the deterioration of economic conditions in India, which could have an adverse impact on discretionary consumer spending.

In response to the COVID-19 disruptions, in addition to managing our inventory exposure, we have implemented a number of measures to protect the health and safety of our workforce, proactively reduce operating costs, conserve liquidity and position us to emerge from the current crisis in a healthy financial position. These measures include restrictions on non-essential business travel, the institution of work-from-home policies wherever feasible and the implementation of strategies for workplace safety at our facilities that remain open. We are following the guidance from public health officials and government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and wearing of masks.

The impact assessment does not indicate any adverse impact on the ability of the Company and its Subsidiary to continue as a going concern. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the Company has, at the date of approval of the Restated Financial Statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Restated Financial Statements may differ from that estimated as at the date of approval of the Restated Financial Statements.

### **Basis of preparation of financial statements**

The Restated Consolidated Financial Information has been prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note.

### **Significant accounting policies**

#### **Basis of consolidation**

The restated consolidated financial information of the Company and its subsidiary (the “**Group**”) is combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra- group balances and intra-group transactions. Profits or losses resulting from intra-group transactions are eliminated in full. The Restated Consolidated Financial Information have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The carrying amount of the Company's investment in subsidiary is offset (eliminated) against the Parent Company's portion of equity in subsidiary.

The detail of consolidated entity as follows:

Name of subsidiary	Country of incorporation	Percentage of ownership			
		As at September 30, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019 #
Elin Appliances Private Limited	India	100%	100%	100%	100%

# Acquired balance 62.5% equity share capital of Elin Appliances Private Limited pursuant to the Scheme of Amalgamation of Asian Magnetic Devices Private Limited and Rosebud Holding Private Limited with our Company approved by National Company Law Tribunal, Division Bench, Kolkata, by its order dated September 26, 2019.

A summary of the significant accounting policies applied in the preparation of the Restated Consolidated Financial Information are as given below. These accounting policies have been applied consistently to all periods presented in the Restated Consolidated Financial Information.

#### **1.1 Current vs non-current classification**

The Group presents assets and liabilities in the restated consolidated statement of assets and liabilities based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## 1.2 Business combination

Ind AS 103, Business Combinations, prescribes significantly different accounting for business combinations which are not under common control and those under common control.

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method.

The pooling of interest method is considered to involve the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonies accounting policies.
- The financial information in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the Restated Consolidated Financial Information, irrespective of the actual date of the business combination.
- The identity of the reserves has been preserved and appear in the financial information of the transferee in the same form in which they appeared in the financial information of the transferor.
- The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

## 1.3 Property, plant and equipment

### Recognition and Initial Measurement

Property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of each item can be measured reliably. Property, plant and equipment are initially stated at their cost.

Cost of asset includes:

- Purchase price, net of any trade discounts and rebates;
- Cost directly attributable to the acquisition of the assets which incurred in bringing asset to its working condition for the intended use;
- Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

### Subsequent measurement

Property, plant and equipment are subsequently measured at cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Group and cost of the expenditure can be measured reliably.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all the items of property, plant and equipment recognized as at 1 April 2020, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. The Group has followed the same accounting policy choices (both mandatory

exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. 1 April 2020 while preparing Restated Consolidated Ind AS Financial Information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

#### Depreciation and useful lives

Depreciation on property, plant and equipment is provided on straight line basis over the estimated useful lives of the assets as specified in schedule II of the Companies act, 2013 except for assets used in manufacturing of Medical Products which are depreciated over a period of 3 years based on the management's internal assessment.

Particulars	Useful life
Computers	3 Years
Servers	6 Years
Office Equipment	5 Years
Furniture and fixtures	10 Years
Plant & Machinery	15 Years
Plant & Machinery (for medical products)	3 Years
Dies, tools and Moulds	15 Years
Factory Building	30 Years
Building (other than factory building)	60 Years
Electric Installation and Equipments	10 Years
Motor Cycles	10 Years
Motor Vehicles & Lorry	8 Years

Depreciation on additions to/deductions from property, plant and equipment during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed. Each part of an item of property, plant and equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

#### Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the restated consolidated statement of profit and loss when the asset is derecognized.

### **1.4 Intangible assets**

Intangible assets (Other than goodwill) acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line basis over the estimated useful life. Estimated useful life of the software is considered as 3 years. Amortisation methods, useful lives and residual values are reviewed in each financial year / period end and changes, if any, are accounted for prospectively. An intangible asset is de-recognised 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 the Restated Consolidated statement of Profit and Loss.

### **1.5 Impairment of non-financial assets**

At each reporting date, the Group assesses, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash- generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss, including impairment on inventories are recognized in the restated consolidated statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has

been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period. Such reversal is recognized in the restated consolidated statement of profit and loss.

## 1.6 Inventories

- a) Inventories (which comprise traded goods) are valued at the lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in First out (FIFO) basis.
- b) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on an item-by-item basis.

## 1.7 Revenue recognition

Revenue is measured at the transaction price that is allocated to the performance obligation and it excludes amounts collected on behalf of third parties and is adjusted for variable considerations. Any subsequent change in the transaction price is then allocated to the performance obligations in the contract on the same basis as at contract inception. The Group recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Group estimates the amount of revenue to be recognized on variable consideration using most likely amount method. Consequently, amounts allocated to a satisfied performance obligation are recognised as revenue, or as a reduction of revenue, in the period in which the transaction price changes. Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price.

### a) Sale of products and Services

Revenue from sale of products is recognized at the point in time when control of the goods is transferred to the customer at the time of shipment to or receipt of goods by the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has concluded that it is the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer.

The goods and service tax (GST) is not received by the Group on its own account. Rather, it is tax collected on behalf of the government. Accordingly, it is excluded from revenue.

### b) Other Revenue

- **Interest income:** Interest income is recognised as interest accrues using the effective interest method (“EIR”) that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.
- **Dividends:** Dividend income is recognised when the right to receive payment is established.
- **Rental income:** Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the Statement of Profit and Loss.
- **Insurance Claims:** Insurance claims are accounted for as and when admitted by the concerned authority.

### c) Contract balances

- **Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- **Trade receivables:** A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).
- **Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

### d) Right of return

The Group provides a customer with a right to return in case of any defects or on grounds of quality. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

The Group has adopted Ind AS 115 from April 1, 2020 using the modified retrospective approach by applying Ind AS 115 to all the contracts that are not completed on April 01, 2020. The application of Ind AS 115 did not have any material impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the Group. The Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 01, 2020 while preparing Restated Consolidated Ind AS Financial Information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019.

The Group has also applied the practical expedient under Ind AS 115 for incremental cost of obtaining a contract and has recognized such cost as an expense when incurred if the amortization period of the asset is one year or less.

## **1.8 Taxes**

### **a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with relevant tax regulations. Current tax is determined as the tax payable in respect of taxable income for the period and is computed in accordance with relevant tax regulations. Current tax is recognized in restated consolidated statement of profit and loss except to the extent it relates to items recognized outside profit or loss in which case it is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in relation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes current tax payable where appropriate.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in restated consolidated statement of profit and loss except to the extent it relates to items recognized outside profit or loss, in which case is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

## **1.9 Foreign currencies**

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date are converted to functional currency using the closing rate (Closing selling rates for liabilities and closing buying rate for assets). Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on settlement of monetary items, or restatement as at reporting date, at rates different from

those at which they were initially recorded, are recognized in the restated consolidated statement of profit and loss in the period in which they arise. These exchange differences are presented in the restated consolidated statement of profit and loss on net basis.

### 1.10 Employee benefit

#### a) Short-term employee benefits

Employee benefits such as salaries, short term compensated absences, and other benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and undiscounted amount of such benefits are expensed in the restated consolidated statement of profit and loss in the period in which the employee renders the related services.

#### b) Post-employment benefits

- **Defined Contribution Plan:** A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Group makes specified monthly contribution towards provident fund ('PF') and employee state insurance scheme ('ESI') which is a defined contribution plan. The Group's contribution is recognized as an expense in the restated consolidated statement of profit and loss during the period in which the employee renders the related service.

- **Defined Benefit Plan:** A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under such plans, the obligation for any benefits remains with the Group. The Group's liability towards gratuity is in the nature of defined benefit plan.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Group makes periodic contributions to the Kotak Mahindra Old Mutual Life Insurance Limited, Bajaj Allianz Life Insurance Co. Ltd and Birla Sun Life Insurance Co. Ltd for the Gratuity Plan in respect of employees.

The liability in respect of gratuity is accrued in the books of accounts on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.

The Group's net obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at each reporting date.

Re-measurement, comprising actuarial gains and losses, is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to restated consolidated statement of profit and loss.

Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognized in the restated consolidated statement of profit and loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

#### c) Other long-term employee benefits

Benefits under the Group's compensated absences constitute other long-term employee benefits, recognized as an expense in the restated consolidated statement of profit and loss for the period in which the employee has rendered services. The obligation recognized in respect of these long-term benefits is measured at present value of the obligation based on actuarial valuation using the Projected Unit credit method.

Long term employee benefit costs comprising current service cost, interest cost and gains or losses on curtailments and settlements, re-measurements including actuarial gains and losses are recognized in the restated consolidated statement of profit and loss as employee benefit expenses.

### 1.11 Cash and cash equivalents

Cash and cash equivalent include cash on hand, cash at banks and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the restated consolidated statement of cash flows, cash and cash equivalents consist of unrestricted cash and short-term deposits, as defined above as they are considered an integral part of the Group's cash management.

### **1.12 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan. All other borrowing costs are recognised in the Restated consolidated statement of profit and loss in the period in which they are incurred.

### **1.13 Provisions, contingent assets and contingent liabilities**

#### **a) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risk and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **b) Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation or present obligations that may but probably will not, require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

These are reviewed at each financial reporting date and adjusted to reflect the current best estimates.

#### **c) Contingent assets**

Contingent assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

### **1.14 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

#### **a) Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **b) Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the restated consolidated statement of profit and loss.

#### **c) Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease

payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in financial liabilities

**d) Short term lease and leases of low value assets**

The Group applies the short-term lease recognition exemption to its short-term leases contracts including lease of residential premises and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

**e) Single discount rate**

The Group has applied the available practical expedient with respect to single discount rate wherein single discount rate is used for portfolio of leases with reasonably similar characteristics.

The Group has given adjustments for lease accounting in accordance with Ind AS 116 from April 01, 2020, and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116. The application of Ind AS 116 has resulted into recognition of 'Right-of-Use' asset with a corresponding Lease Liability in the restated consolidated statement of assets and liabilities.

The Group has adopted Ind AS 116 by applying exemption provided under Ind AS 101. Following approach is followed on transition date when applying Ind AS 116 initially:

- a. lease liability is recognized, for leases which were previously classified as operating leases, by measuring the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- b. a right of use assets is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the restated consolidated statement of assets and liabilities immediately before the date of initial application

**f) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**1.15. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

**a) Financial assets**

Initial recognition and measurement

A financial asset (except trade receivable and contract asset) is recognised initially at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ('FVTPL') are recognised immediately in the Restated Consolidated Statement of Profit

and Loss.

*Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI — equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (designated as FVOCI — equity investment). The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income ('OCI'). There is no recycling of the amounts from OCI to the Restated Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Consolidated Statement of Profit and Loss.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. For purposes of subsequent measurement, financial assets are classified in following categories:

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the Restated Consolidated Statement of Profit and Loss.

*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Restated Consolidated Statement of Profit and Loss.

*Equity investments at FVOCI*

These assets are subsequently measured at fair value. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Impairment of financial assets*

Expected credit loss (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 cash shortfalls), discounted at the original EIR.

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are measured at amortized cost e.g., deposits, trade receivables and bank balance.
- (b) Financial assets that are measured as at FVTOCI
- (c) Lease receivables under Ind AS 116
- (d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, 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-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a 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 recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the restated consolidated statement of profit and loss. ECL for financial assets measured as at amortized cost and contractual revenue receivables is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Restated Consolidated Statement of Assets and Liabilities. 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.

The Group does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its restated consolidated statement of assets and liabilities but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

### **b) Financial liabilities**

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### (i) Financial liabilities at fair value through profit or loss

The Group has not designated any financial liabilities at FVTPL.

##### (ii) Financial liabilities at amortized cost

After initial recognition, Loans, borrowings, trade payables and other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense is recognized in the restated consolidated statement of profit and loss. Any gain or loss on derecognition is also recognized in the restated consolidated statement of profit and loss.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the restated consolidated statement of profit and loss.

### **c) Reclassification of financial assets and liabilities**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.

### **d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the restated consolidated statement

of assets and liabilities if there is a currently enforceable contractual legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **1.16. Fair value measurement**

The Group measures financial instruments at fair value at each reporting period.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1.16.1. In the principal market for the asset or liability, or

1.16.2. In the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Consolidated Financial Information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the Restated Consolidated Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Above is the summary of accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

#### **1.17. Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding 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. The number of equity shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### **1.18. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Company has been identified as being the chief operating decision maker by the

Management of the Company.

The business of the Group falls within a single line of business i.e. electronics manufacturing services. All other activities of the Group revolve around its main business. Hence, no separate reportable primary segment.

#### **1.19. Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all stipulated conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income. Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognized in the Restated consolidated statement of Profit and Loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

#### **1.20. Restated consolidated statement of cash flows**

The restated consolidated statement of cash flows is prepared using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferral accruals of past or future cash receipts or payments and item of income or expense associated with investing or financing of cash flows. The cash flows from operating, financing and investing activities of the Group are segregated.

#### **1.21. Significant accounting estimates and judgments**

The estimates used in the preparation of the Restated Consolidated Financial Information of each period/year presented are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group believes to be reasonable under the existing circumstances. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date. Although the Group regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognized in the Restated Consolidated Financial Information in the period in which they become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

##### Significant judgements

- ***Allowances for uncollected trade receivables***

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amount are based on ageing of the receivable balances and historical experiences. Individual trade receivables are written off when management deems not be collectible.

- ***Contingencies***

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. There are certain obligations which managements have concluded based on all available facts and circumstances are not probable of payment or difficult to quantify reliably and such obligations are treated as contingent liabilities and disclosed in notes Although there can be no assurance of the final outcome of legal proceedings in which the Group is involved. it is not expected that such contingencies will have material effect on its financial position of probability.

- ***Impairment of other financial assets***

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation., based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

- ***Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes current tax payable, based on reasonable estimates. The amount of such current tax payable is based on various factors, such as experience of previous tax audits and differing interpretations of tax

regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the Group.

- ***Recoverability of deferred taxes***

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ('DCF') model.

#### Significant estimates

- ***Defined benefit plans***

The costs of post-retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- ***Useful lives of property, plant and equipment and intangible assets***

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. At the end of the current reporting period, the management determined that the useful lives of property, plant and equipment and intangible assets at which they are currently being depreciated represent the correct estimate of the lives and need no change.

- ***Leases - Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

- ***Determining the lease term of contracts with renewal and termination options — Group as lessee***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

- ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the restated consolidated statement of assets and liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## **PRINCIPAL COMPONENTS OF INCOME**

## Income

Our total income include revenue from operations and other income.

### *Revenue from Operations*

We recognise revenue primarily from the following services:

- **Sale of Products:** We generate our revenue by sale of products manufactured by us. Our key diversified product portfolio in EMS includes (i) LED lighting, fans and switches including lighting products, ceiling, fresh air and TPW fans, and modular switches and sockets; (ii) small appliances such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryer and hair straightener; (iii) fractional horsepower motors, which is used in mixer grinder, hand blender, wet grinder, chimney, air conditioner, heat convactor, TPW fans etc.; and (iv) other miscellaneous products such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting, radio sets. In addition to our EMS offerings, we also manufacture medical diagnostic cartridges for use in diagnostic devices, and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors.
- **Sale of Services:** Our services primarily include revenue from job work done and processing charges received for third party customers

### *Other Operating Revenue*

We also generate operating revenue from scrap sales and export incentives.

### *Other income*

Other income primarily include interest income on bank deposits, dividend received, fair value gain on investments, profit from sale of current investments and other interest income that include rent, sale of property, plant and equipment.

## Expenses

Our expenses primarily include cost of material consumed, purchase of stock in trade, change in inventories of finished goods, work-in-progress and stock-in trade, employee benefits expenses, finance costs, depreciation, impairment and amortization expenses and other expenses.

Employee benefits expenses primarily include (i) salary, bonus and allowances; (ii) contribution to provident and other funds; and (iii) staff welfare expenses.

Finance costs primarily include (i) interest expenses on financial liabilities measured at aortised costs on borrowings, lease liabilities and other interest costs, and (ii) other borrowing costs.

Other expenses primarily include:

- Manufacturing expenses such as power, fuel and water charges, carriage inwards expenses, processing charges, consumable stores, testing and calibration expenses and repairs and maintenance expenses
- Selling and distribution expenses including advertisements and sale promotion expenses and carriage octroi
- Establishment expenses include among others rent, rates and taxes, auditors' remuneration, legal and professional charges, communication expenses, travelling and conveyance expenses, vehicle running and maintenance, insurance expenses, sitting fees for directors, research and product development expenses and miscellaneous expenses.

## RESULTS OF OPERATIONS

The following table sets forth select financial data for the six months ended September 30, 2021 and Financial Years 2019, 2020 and 2021, the components of which are also expressed as a percentage of total income for such period / years.

Particulars	Fiscal 2019		Fiscal 2020		Fiscal 2021		Six months ended September 30, 2021	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Revenue								

Particulars	Fiscal 2019		Fiscal 2020		Fiscal 2021		Six months ended September 30, 2021	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Revenue from operations	8,285.45	99.86	7,855.84	99.90	8,623.78	99.71	5,182.46	99.87
Other income	11.92	0.14	7.88	0.10	25.23	0.29	6.80	0.13
<b>Total Income</b>	<b>8,297.37</b>	<b>100.00</b>	<b>7,863.72</b>	<b>100.00</b>	<b>8,649.02</b>	<b>100.00</b>	<b>5,189.25</b>	<b>100.00</b>
<b>Expenses</b>								
Cost of Material Consumed	5,911.24	71.24	5,425.68	69.00	6,168.18	71.32	3,850.45	74.20
Purchases of stock-in trade	177.99	2.15	167.89	2.13	119.07	1.38	23.80	0.46
Change in inventories of finished goods, work-in progress and stock-in trade	(1.71)	(0.02)	(55.55)	(0.71)	(40.34)	(0.47)	(21.96)	(0.42)
Total cost of goods sold	6,087.52	73.37	5,538.02	70.42	6,246.91	72.23	3,852.29	74.24
Employee benefits expense	944.25	11.38	1,062.93	13.52	1,080.23	12.49	604.63	11.65
Finance Costs	129.70	1.56	117.04	1.49	96.76	1.12	60.64	1.17
Depreciation & amortization expenses	73.00	0.88	94.34	1.20	118.35	1.37	69.27	1.33
Other Expenses	683.45	8.24	700.35	8.91	631.85	7.31	347.78	6.70
<b>Total expenses</b>	<b>7,917.93</b>	<b>95.43</b>	<b>7,512.67</b>	<b>95.54</b>	<b>8,174.10</b>	<b>94.51</b>	<b>4,934.61</b>	<b>95.09</b>
<b>Profit before tax</b>	<b>379.44</b>	<b>4.57</b>	<b>351.05</b>	<b>4.46</b>	<b>474.92</b>	<b>5.49</b>	<b>254.65</b>	<b>4.91</b>
<b>Tax Expenses</b>								
Current tax	57.94	0.70	54.40	0.69	109.90	1.27	58.92	1.14
Deferred tax expense/(credit)	30.77	0.37	21.78	0.28	16.45	0.19	2.39	0.05
<b>Total tax expenses</b>	<b>88.71</b>	<b>1.07</b>	<b>76.18</b>	<b>0.97</b>	<b>126.35</b>	<b>1.46</b>	<b>61.31</b>	<b>1.18</b>
<b>Profit for the quarter/year</b>	<b>290.74</b>	<b>3.50</b>	<b>274.87</b>	<b>3.50</b>	<b>348.57</b>	<b>4.03</b>	<b>193.33</b>	<b>3.73</b>
<b>Other comprehensive income/(loss) (OCI)</b>								
<b>Items that will not be reclassified subsequently to Statement of Profit and Loss</b>								
Remeasurement of net defined benefit plans	(11.40)	(0.14)	16.72	0.21	(4.83)	(0.06)	11.28	0.22
Income tax	2.86	0.03	(4.21)	(0.05)	1.22	0.01	(2.84)	(0.05)
Gain on equity instruments designated through OCI	0.05	0.00	0.09	0.00	0.07	0.00	0.00	0.00
<b>Other comprehensive income for the year</b>	<b>(8.50)</b>	<b>(0.10)</b>	<b>12.61</b>	<b>0.16</b>	<b>(3.55)</b>	<b>(0.04)</b>	<b>8.44</b>	<b>0.16</b>
<b>Total comprehensive income for the quarter/year</b>	<b>282.24</b>	<b>3.40</b>	<b>287.48</b>	<b>3.66</b>	<b>345.02</b>	<b>3.99</b>	<b>201.77</b>	<b>3.89</b>

## SIX MONTHS ENDED SEPTEMBER 30, 2021

### Income

Total income was ₹ 5,189.25 million in the six months ended September 30, 2021.

### ***Revenue from Operations***

Revenues from operations were ₹ 5,182.46 million in the six months ended September 30, 2021 that comprised sale of products of ₹ 5,047.71 million, sale of service of ₹ 8.70 million, scrap sale of ₹ 124.10 million and export incentives of ₹ 1.94 million.

### ***Other Income***

Other income was ₹ 6.80 million in six months ended September 30, 2021 and comprised primarily of fair value gain on investments of ₹ 4.70 million, interest income of ₹ 1.02 million and profit on sale of property, plant and equipment of ₹ 0.83 million.

### **Expenses**

Total expenses were ₹ 4,934.61 million in the six months ended September 30, 2021. The cost of raw material was ₹ 3,850.45 million, purchase of stock in trade was ₹ 23.80 million. The increase in value of inventories of finished goods was ₹ 21.96 million.

Employee benefits expenses were ₹ 604.63 million which comprised salary, bonus and allowances amounting to ₹ 555.94 million, contribution towards provident and other funds of ₹ 36.60 million and staff welfare expenses of ₹ 12.09 million.

Finance costs were ₹ 60.64 million in the six months ended September 30, 2021 with primarily interest expense on borrowings of ₹ 59.12 million, other borrowing costs of ₹ 1.41 million and interest expense on lease liabilities of ₹ 0.08 million.

Depreciation and amortisation expense were ₹ 69.27 million in the six months ended September 30, 2021 comprising of depreciation on property, plant & equipment ₹ 67.88 million, ₹1.38 million on intangible assets and ₹0.01 million on lease liability.

Other expenses were ₹ 347.78 million in the six months ended September 30, 2021, primarily comprising of the following:

- Manufacturing Expenses of ₹ 257.35 million comprising of power, fuel and water charges of ₹ 86.05 million and processing charges of ₹ 107.15 million;
- Selling and Distribution expenses of ₹ 15.48 million; and
- Establishment expense of ₹ 74.94 million.

### **Profit before Tax**

Profit before tax was ₹ 254.65 million in the six months ended September 30, 2021.

### **Tax Expenses**

Tax expenses were ₹ 61.31 million in the six months ended September 30, 2021.

### **Profit for the period**

Profit for the six-month period ended September 30, 2021 is ₹ 193.33 million.

## **FISCAL 2021 COMPARED TO FISCAL 2020**

### **Income**

Total income increased by 9.99% from ₹ 7,863.72 million in Fiscal 2020 to ₹ 8,649.02 million in Fiscal 2021 primarily on account of strong growth in the fractional horsepower motors segment and medical diagnostic cartridges segment. This was partially set off by a decline in LED, fans and switches segment.

### ***Revenue from Operations***

Revenues from operations increased by 9.78 % from ₹ 7,855.84 million in Fiscal 2020 to ₹ 8,623.78 million in Fiscal 2021 primarily due to increase in consumer purchase of home and personal appliances which was, among others, also aided by the relaxation of COVID-19 led restrictions.

Sale of products increased by 9.58 % from ₹ 7,677.14 million in Fiscal 2020 to ₹ 8,412.67 million in Fiscal 2021, on account of strong growth in the fractional horsepower motors segment and medical diagnostic cartridges segment. This was partially set off by a decline in LED, fans and switches segment.

Sale of services decreased by (42.16)% from ₹ 25.29 million in Fiscal 2020 to ₹ 14.63 million in Fiscal 2021, on account of lower third party job work and processing charges.

Scrap sale increased by 30.59% from ₹ 149.55 million in Fiscal 2020 to ₹ 195.30 million in Fiscal 2021, on account of higher generation of scrap which in turn was due to higher processing and fabrication of material and finished goods, and export incentives reduced by 69.33% from ₹ 3.86 million in Fiscal 2020 to ₹ 1.18 million in Fiscal 2021, on account of lower exports.

### ***Other Income***

Other income increased by 220.13 % from ₹ 7.88 million in Fiscal 2020 to ₹ 25.23 million in Fiscal 2021 primarily on account of (i) fair value gain on investments of ₹ 11.23 million in Fiscal 2021 as compared to a loss of ₹ 1.58 million in Fiscal 2020; (ii) increase in gain on sale of current investments from ₹ 1.17million in Fiscal 2020 to ₹ 9.07 million in Fiscal 2021. However, the interest income decreased from ₹ 3.70 million in Fiscal 2020 to ₹ 1.90 million in Fiscal 2021 owing to lower bank deposits.

### **Expenses**

Total expenses increased by 8.80 % from ₹ 7,512.67 million in Fiscal 2020 to ₹ 8,174.10 million in Fiscal 2021 on account of an increase in cost of material consumed by 13.68 % from ₹ 5,425.68 million in Fiscal 2020 to ₹ 6,168.18 million in Fiscal 2021 due to increase in cost of basic raw materials such as copper, steel and plastics and an increase in production for the year.

Employee benefits expenses marginally increased by 1.63 % from ₹ 1,062.93 million in Fiscal 2020 to ₹ 1,080.23 million in Fiscal 2021, primarily due to induction of new employees. Salary, bonus and allowances increased by 3.02 % from ₹ 976.38 million in Fiscal 2020 to ₹ 1,005.86 million in Fiscal 2021 on account of 4,468 employees, as of March 31, 2020 to 5,499 employees as of March 31, 2021. However, the contribution to provident and other funds decreased by 14.37 % from ₹ 62.94 million in Fiscal 2020 to ₹ 53.90 million in Fiscal 2021 due to regulatory exemption provided due to the Covid-19 pandemic to employers; and (iii) staff welfare expenses, decreased by 13.28 % from ₹ 23.62 million in Fiscal 2020 to ₹ 20.48 million in Fiscal 2021 including reduction in expenses owing to meal plans and canteen expenses typically provided in our facilities. Further, lockdown owing to the pandemic caused reductions or deductions in salary resulting in lower increase in average salary.

Finance costs decreased by 17.33 % from ₹ 117.04 million in Fiscal 2020 to ₹ 96.76 million in Fiscal 2021, due primarily to a significant decrease in interest expenses on borrowings, by 17.92% from ₹ 113.49 million in Fiscal 2020, to ₹ 93.15 million in Fiscal 2021 on account of lower interest rate on borrowed funds.

Depreciation and amortisation expense increased by 25.45 % from ₹ 94.34 million in Fiscal 2020, to ₹ 118.35 million in Fiscal 2021, due to addition of property, plant & equipment primarily plant and machinery and dies, moulds and tools.

### ***Other Expenses***

Other expenses decreased by 9.78 % from ₹ 700.35 million in Fiscal 2020 to ₹ 631.85 million in Fiscal 2021, significantly due to a decrease in establishment expenses and marginally due to decrease in manufacturing expenses

- Manufacturing Expenses decreased by 0.86 % from ₹ 459.79 million in Fiscal 2020 to ₹ 455.85 million in Fiscal 2021 primarily due to decrease in power, fuel and water charges by 3.3 % from ₹ 147.59 million in Fiscal 2020 to ₹ 142.63 million in Fiscal 2021 and processing charges by 7.1 % from ₹ 189.59 million in Fiscal 2020 to ₹ 176.05 million in Fiscal 2021;
- Establishment expense decreased by 29.95 % from ₹ 217.58 million in Fiscal 2020 to ₹ 152.41 million in Fiscal 2021 primarily due to reduction in bad debts written off, decrease in research and product development expenses by 7.8 % from ₹ 65.55 million in Fiscal 2020 to ₹ 60.46 million in Fiscal 2021 and decrease in travelling and conveyance expenses by 27.5% from ₹ 24.87 million in Fiscal 2020 to ₹ 18.03 million in Fiscal 2021 primarily

due to lock down restrictions imposed during COVID-19 pandemic.

The Selling and Distribution expenses marginally increased by 2.64 % from ₹ 22.98 million in Fiscal 2020 to ₹ 23.59 million in Fiscal 2021 due to increase in carriage and octroi expenses by 36.76% from ₹ 16.61 million in Fiscal 2020 to ₹ 22.71 million in Fiscal 2021 primarily due to increase in freight rates.

### **Profit before Tax**

Profit before tax increased by 35.28 % from ₹ 351.05 million in Fiscal 2020 to ₹ 474.92 million in Fiscal 2021 primarily due to increase in total revenue.

### **Tax Expenses**

Tax expenses increased by 65.86 % from ₹ 76.18 million in Fiscal 2020 to ₹ 126.35 million in Fiscal 2021, primarily due to increase in profit.

### **Profit for the Year**

For the various reasons discussed above, profit for the year increased by 26.81 % from ₹ 274.87 million in Fiscal 2020 to ₹ 348.57 million in Fiscal 2021.

## **FISCAL 2020 COMPARED TO FISCAL 2019**

### **Income**

Total income decreased by 5.23% from ₹ 8,297.37 million in Fiscal 2019 to ₹ 7,863.72 million in Fiscal 2020 primarily on account of lower sales of LED, fans and switches segment and small appliances segment which were impacted due to COVID-19 lock down restrictions in the first quarter of the year.

### **Revenue from Operations**

Revenues from operations decreased by 5.19% from ₹ 8,285.45 million in Fiscal 2019 to ₹ 7,855.84 million in Fiscal 2020 primarily due to lower sales of LED, fans and switches segment and small appliances segment which were impacted due to COVID-19 related restrictions and the subsequent lock down with effect from March 2020.

Sale of products decreased by 5.24% from ₹ 8,101.68 million in Fiscal 2019 to ₹ 7,677.14 million in Fiscal 2020, on account of lower sales of LED, fans and switches segment and small appliances segment which were impacted due to COVID-19 related restrictions and the subsequent lock down with effect from March 2020.

Sale of services increased by 10.70 % from ₹ 22.84 million in Fiscal 2019 to ₹ 25.29 million in Fiscal 2020, on account of higher job work and processing charges.

Scrap sale decreased by 4.24% from ₹ 156.17 million in Fiscal 2019 to ₹ 149.55 million in Fiscal 2020, on account of lower scrap generated due to lower manufacturing of finished goods and export incentives reduced by 18.83% from ₹ 4.75 million in Fiscal 2019 to ₹ 3.86 million in Fiscal 2020, on account of lower exports.

### **Other Income**

Other income decreased by 33.88 % from ₹ 11.92 million in Fiscal 2019 to ₹ 7.88 million in Fiscal 2020 primarily on account of loss on investment of ₹ 1.58 million in Fiscal 2020 compared to gain on investments of ₹ 1.60 million in Fiscal 2019, reduction in sundry balances written back by 89.4% from ₹ 2.54 million in Fiscal 2019 to ₹ 0.27 million in Fiscal 2020.

### **Expenses**

Total expenses decreased by 5.12 % from ₹ 7,917.93 million in Fiscal 2019 to ₹ 7,512.67 million in Fiscal 2020 on account of a decrease in (i) cost of material consumed by 8.21 % from ₹ 5,911.24 million in Fiscal 2019 to ₹ 5,425.68 million in Fiscal 2020, (ii) finance cost by 9.76% from ₹ 129.70 million in Fiscal 2019 to ₹ 117.04 million in Fiscal 2020 and (iii) change in inventory by 3,148.54% from ₹ 1.71 million in Fiscal 2019 to ₹ 55.55 million in Fiscal 2020. The reduction in cost of material consumed and purchase of stock-in trade reduced due to lower manufacturing of finished goods.

Employee benefits expenses increased by 12.57 % from ₹ 944.25 million in Fiscal 2019 to ₹ 1,062.93 million in Fiscal 2020, primarily due to increase in number of employees and annual increment of salary for employees. Salary, bonus and allowances increased by 12.71 % from ₹ 866.26 million in Fiscal 2019 to ₹ 976.38 million in Fiscal 2020 on account of annual increment of salary for employees. Further, the contribution to provident and other funds increased by 11.90 % from ₹ 56.25 million in Fiscal 2019 to ₹ 62.94 million in Fiscal 2020 due to increase in salaries; and (iii) staff welfare expenses, increased by 8.61 % from ₹ 21.74 million in Fiscal 2019 to ₹ 23.62 million in Fiscal 2020.

Finance costs decreased by 9.76 % from ₹ 129.70 million in Fiscal 2019 to ₹ 117.04 million in Fiscal 2020, due primarily to a significant decrease in interest expenses on borrowings, by 11 % from ₹ 127.51 million in Fiscal 2019 to ₹ 113.49 million in Fiscal 2020, on account of lower interest rate on borrowings and lower bill discounting due to lower sales.

Depreciation and amortisation expense increased by 29.22 % from ₹ 73.00 million in Fiscal 2019 to ₹ 94.34 million in Fiscal 2020, due to addition in property plant & equipment primarily plant and machinery and tools, dies and moulds .

#### **Other Expenses**

Other expenses increased by 2.47 % from ₹ 683.45 million in Fiscal 2019 to ₹ 700.35 million in Fiscal 2020, primarily due to increase in establishment expenses by 31.07% from ₹ 166.00 million in Fiscal 2019 to ₹ 217.58 million in Fiscal 2020 primarily due to an increase in bad debts by 559.43% from ₹ 7.45 million in Fiscal 2019 to ₹ 49.15 million in Fiscal 2020 and increase in insurance expenses by 95.34% from ₹ 5.14 million in Fiscal 2019 to ₹ 10.04 million in Fiscal 2020. This was partly offset by decrease in manufacturing expenses by 6.97 % from ₹ 494.26 million in Fiscal 2019 to ₹ 459.79 million in Fiscal 2020 primarily due to decrease in processing charges by 14.96% from ₹ 222.94 million in Fiscal 2019 to ₹ 189.59 million in Fiscal 2020 and decrease in Repairs and Maintenance by 15.34% from ₹ 77.95 million in Fiscal 2019 to ₹ 65.99 million in Fiscal 2020.

#### **Profit before Tax**

Profit before tax decreased by 7.48 % from ₹ 379.44 million in Fiscal 2019 to ₹ 351.05 million in Fiscal 2020 primarily due to decrease in revenue from operations

#### **Tax Expenses**

Tax expenses decreased by 14.12 % from ₹ 88.71 million in Fiscal 2019 to ₹ 76.18 million in Fiscal 2020, primarily due to decrease in revenue from operations

#### **Profit for the Year**

For the various reasons discussed above, profit for the year decreased by 5.46 % from ₹ 290.74 million in Fiscal 2019 to ₹ 274.87 million in Fiscal 2020.

### **LIQUIDITY AND CAPITAL RESOURCES**

We have historically financed the expansion of our business and operations primarily through cash flows from operations and borrowings. We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital.

#### **CASH FLOWS**

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal			Six months ended September 30, 2021
	2019	2020	2021	
	(₹ million)			
Net cash from/ (used in) operating activities	283.18	768.14	(336.43)	112.36
Net cash from/ (used in) investing activities	(318.41)	(424.17)	(49.48)	(235.92)
Net cash from/ (used in) financing activities	(37.23)	(284.41)	341.94	122.06
Net increase/ (decrease) in cash and cash equivalents	(72.46)	59.56	(43.97)	(1.49)

Particulars	Fiscal			Six months ended September 30, 2021
	2019	2020	2021	
	(₹ million)			
Cash and cash equivalents at the beginning of the year	103.63	31.17	90.73	46.76
Cash and cash equivalents at the end of the year	31.17	90.73	46.76	45.26

For further information, see “Financial Statements – Annexure IV – Restated Consolidated Statement of Cash Flows” on page 230.

## Operating Activities

### *Six months ended September 30, 2021*

Net cash generated from operating activities for the six months ended September 30, 2021 was ₹ 112.36 million. This is adjusted for finance cost of ₹ 60.64 million and after deducting change in operating assets and liabilities of ₹ 191.22 million.

### *Fiscal 2021*

Net cash used in operating activities for fiscal 2021 was ₹ 336.43 million. Our operating profit after adjusting for finance costs, depreciation and other non operating costs but before working capital changes was ₹194.23 million

The difference was primarily attributable to increase in trade receivables by ₹ 919.10 million, increase in inventories by ₹ 350.93 million, trade payables by ₹ 365.81 million and increase in other non current assets by ₹ 37.91 million

### *Fiscal 2020*

Net cash generated from operating activities for fiscal 2020 was ₹ 768.14 million. Our operating profit after adjusting for finance costs, depreciation and other non operating costs but before working capital changes was ₹257.94 million.

The difference was primarily attributable to decrease in trade receivables by ₹ 466.46 million, decrease in inventories by ₹ 19.08 million, decrease in other non-current assets by ₹ 34.69 million and decrease in trade payables by ₹ 292.75 million.

### *Fiscal 2019*

Net cash generated from operating activities for fiscal 2019 was ₹ 283.18 million. Our operating profit after adjusting for finance costs, depreciation and other non operating costs but before working capital changes was ₹ 198.44 million.

The difference was primarily attributable to increase in trade receivables by ₹ 295.16 million, increase in inventories by ₹ 35.51 million, increase in trade payables by ₹ 68.42 million, decrease in other financial assets by ₹ 41.64 million and increase in other non-current assets by ₹ 48.98 million.

## Investing Activities

### *Six months ended September 30, 2021*

Net cash used in investing activities for the six months ended September 30, 2021 was ₹ 235.92 million, primarily on account of investment in fixed assets of ₹ 238.45 million. This was partially offset by proceeds received from sale of fixed assets of ₹ 1.30 million, dividend of ₹ 0.03 million and interest of ₹ 1.20 million.

### *Fiscal 2021*

Net cash used in investing activities for Fiscal 2021 of ₹ 49.48 million, primarily on account of investment in fixed/Intangible assets of ₹ 204.34 million. This was partially offset by proceeds received from sale of fixed assets ₹ 16.00 million, sale of investment of ₹ 135.50 million, dividend of ₹ 1.07 million and interest of ₹ 2.30 million

### *Fiscal 2020*

Net cash used in investing activities for Fiscal 2020 of ₹ 424.17 million, primarily on account of investment in fixed assets of ₹ 326.24 million and investment in Mutual Fund of ₹ 117.63 million. This was partially offset by proceeds received from sale of fixed assets of ₹ 12.92 million, dividend of ₹ 3.60 million and interest of ₹ 3.18 million

#### ***Fiscal 2019***

Net cash used in investing activities for Fiscal 2019 of ₹ (318.41) million, primarily on account of investment in fixed/intangible assets of ₹ 300.96 million and in mutual funds of ₹ 37.13 million. This was partially offset by proceeds received from sale of fixed assets of ₹ 10.30 million, dividend of ₹ 4.58 million and interest of ₹ 4.80 million.

#### **Financing Activities**

##### ***Six months ended September 30, 2021***

Net cash from financing activities for the six months ended September 30, 2021 was ₹ 122.06 million, primarily on account of proceeds from borrowings of ₹ 313.29 million which was partially set off by the repayment of borrowings of ₹ 130.57 million and finance costs paid of ₹ 60.56 million and lease liabilities paid of ₹ 0.09 million

##### ***Fiscal 2021***

Net cash from financing activities for fiscal 2021 was ₹ 341.94 million, primarily on account of proceeds from borrowings of ₹ 603.15 million which was partially set off by the repayment of borrowings of ₹ 164.42 million and finance costs paid of ₹ 96.62 million and lease liabilities paid of ₹ 0.17 million

##### ***Fiscal 2020***

Net cash from financing activities for fiscal 2020 was ₹ (284.41) million, primarily on account of the repayment of borrowings of ₹ 167.51 million and finance costs paid of ₹ 116.90 million.

##### ***Fiscal 2019***

Net cash from financing activities for fiscal 2019 was ₹ (37.23) million, primarily on account of proceeds from borrowings of ₹ 200.27 million which was partially set off by the repayment of borrowings of ₹ 107.94 million and finance costs paid of ₹ 129.56 million.

#### **INDEBTEDNESS**

As of September 30, 2021, we had total borrowings (consisting of long term and short term borrowings) of ₹ 1,320.38 million. For further information on our indebtedness, see “*Financial Indebtedness*” on page 314.

Our loan agreements generally contain covenants, including limitations on the use of proceeds and restrictions on indebtedness, liens, asset sales, investments, transfer or ownership interests and certain changes in business. These covenants may limit our ability to pay dividends or make loans or advances to us, subject to the lender’s waiver or consent. There were no defaults in repayment of principal or interest to lenders during Fiscals 2021, 2020 and 2019.

#### **CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS**

There are no claims against us that was not acknowledged as debt as at September 30, 2021. We do not have any pending litigations which would impact our financial position or any commitments to be executed on capital account as at September 30, 2021.

<b><i>Particulars</i></b>	<b><i>Amount (₹ in million)</i></b>
Unexpired letter of credit	19.58
Bank Guarantee issued by banks on behalf of company	3.50
Claims against the Group towards direct tax, indirect tax, provident fund and others	43.28

The Code on Social Security, 2020 relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date

on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

For further details, see “*Outstanding Litigation and Other Material Developments*” and “*Financial Statements*” beginning on pages 316 and 314, respectively.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth the maturity profile of our financial liabilities based on their contractual undiscounted maturities as of September 30, 2021:

<i>Particulars</i>	<i>Amount (₹ in million)</i>
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	46.65
Term loan from Banks*	560.21

\* net off of Rs.0.84 million as finance charge

The weighted average rate of interest for the term loans as at September 30, 2021 is 6.97%. The repayment schedule as at September 30, 2021 is set out below:

<i>For the Fiscal</i>	<i>Amount (₹ in million)</i>
Fiscal 2022	80.40
Fiscal 2023	167.31
Fiscal 2024	125.65
Remaining payable upto 2027-28	186.85

## CAPITAL EXPENDITURES

Our historical capital expenditure was, and we expect our future capital expenditure to be, primarily for Capacity enhancement. In Fiscals 2019, 2020 and 2021 and in the six months ended September 30, 2021, our capital expenditure towards additions to fixed assets (property, plant and equipment including capital work in progress and intangible assets) were ₹ 300.96 million, ₹ 326.24 million, ₹ 204.34 million and ₹ 238.45 million, respectively.

The following table sets forth the net block of our capital assets for the periods indicated:

<i>Particulars</i>	<i>As of March 31,</i>			<i>As of September 30, 2021</i>
	<i>2019</i>	<i>2020</i>	<i>2021</i>	
	<i>(₹ million)</i>			
Property, plant and equipment	1,320.51	1,544.22	1,605.15	1,699.57
Right-of-use Assets	0.79	0.78	0.76	0.76
Capital Work in Progress	4.09	0.28	0.56	76.23
Intangible Assets	1.48	0.94	6.73	5.35
<b>Total</b>	<b>1,326.87</b>	<b>1,546.22</b>	<b>1,613.21</b>	<b>1,781.91</b>

## RELATED PARTY TRANSACTIONS

We have entered into transactions with certain related parties, including our subsidiaries, our Promoter, certain KMPs. In particular, we have entered into various transactions with such parties in relation to, amongst others, and remuneration to KMPs. In Fiscals 2019, 2020 and 2021 and in the six months ended September 30, 2021, the aggregate amount (net of elimination) of such related party transactions was ₹ 50.30 million, ₹ 50.45 million, ₹ 55.22 million and ₹ 25.52 million, respectively. For further information relating to our related party transactions, see “*Financial Statements – Note 42: Related Party Disclosures*” on page 268.

## CHANGES IN ACCOUNTING POLICIES

### *First time adoption of Ind AS*

The restated consolidated statement of assets and liabilities of the Group as at September 30, 2021 and the restated consolidated statement of profit and loss, the restated consolidated statement to changes in equity and the restated consolidated statement of cash flows for the period ended September 30, 2021 and restated other financial information has been prepared under Indian Accounting Standards (“IndAS”) notified under Section 133 of the Companies Act read with

the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

These restated Ind AS financial statements, for the period ended September 30, 2021, are the first financial statements prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2021, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (“IGAAP” or “Previous GAAP”).

The information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 included in this restated consolidated financial statements have been compiled from special purpose consolidated financial statements of respective years being prepared by the management in accordance with the Indian Accounting Standard (IndAS) (the “Special Purpose Ind AS Consolidated Financial Statements”) by making Ind AS adjustments to the audited consolidated financial statements of the Company as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with previous GAAP. For the purpose of Special Purpose IndAS Consolidated Financial Statements for the years ended March 31, 2020 and March 31, 2019, the Group has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS101) as initially adopted on transition date i.e. April 1, 2020. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Special Purpose IndAS Consolidated Financial Statements as of and for the years ended March 31, 2020 and March 31, 2019 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (i.e. April 1, 2020).

In addition to the adjustments carried, the Group has also made material restatement adjustments in accordance with SEBI Circular and Guidance Note. Together these constitute the restated consolidated financial information.

#### **AUDITOR’S OBSERVATIONS**

There have been no reservations, qualifications or adverse remarks highlighted by our statutory auditors in their auditor’s reports on the audited standalone and consolidated financial statements as of and for the years ended March 31, 2019, 2020 and 2021 and as of and for the six months ended September 30, 2021.

However, the auditors have included a statement on certain emphasis of matter specified in the Companies (Auditors Report) Order 2016, as amended, in their reports included as an annexure to the auditor’s report on our audited standalone and consolidated financial statements as of and for the years ended March 31, 2019, 2020 and 2021 and six months ended September 30, 2021. For further information, see “*Financial Statements – Annexure VII - Note to adjustments - Note 4 – Non-adjusting terms*” on page 277.

#### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our management monitors and manages key financial risks relating to the operations of our Company by analysing exposures by degree and magnitude of risk. We are primarily exposed to liquidity, market, interest rate, currency, credit and customer credit (trade receivables) risk.

Our senior management has overall responsibility for the establishment and oversight of our Company's risk management framework. The senior management ensures that our Company's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our Company's policies and risk objectives. Risk management policies are reviewed regularly to reflect changes in market conditions and our Company's activities.

##### ***Credit Risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial investments. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

##### ***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market price. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include borrowings.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Company's exposure to interest rate risk is mitigated as all debt obligations are on fixed interest rate.

### Currency 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. Our Company is exposed to currency risk to the extent of its operation activities which are in foreign denominations. The appropriateness of the risk policy is reviewed periodically with reference to the approved risk management policy adopted by the Company.

### **Liquidity Risk**

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to manage liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

### **UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS**

Except as described in this Draft Red Herring Prospectus, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### **SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS**

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

### **Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in "*– Significant Factors affecting our Financial Condition and Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" beginning on page 25. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

### **FUTURE RELATIONSHIP BETWEEN COST AND INCOME**

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 164 and 284, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

### **NEW PRODUCT SEGMENTS**

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new product segments. For further information, see "*Business – Our Strategies*" on page 171.

### **COMPETITIVE CONDITIONS**

We operate in a competitive environment. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 164, 116 and 25, respectively, for further details on competitive conditions that we face across our various business segments.

### **SEGMENT REPORTING**

Our operation predominantly comprises of only one segment. For further information, see "*Financial Statements – Note 43: Segment Reporting*" on page 269.

### **SIGNIFICANT DEPENDENCE ON SINGLE OR FEW CUSTOMERS**

For details on our dependency on our key customers, please see “*Risk Factors – We are highly dependent on certain key customers for a substantial portion of our revenues. Loss of relationship with any of these customers may have a material adverse effect on our profitability and results of operations.*” on page 25.

**Significant developments after September 30, 2021 that may affect our future results of operations**

Except as disclosed in this Draft Red Herring Prospectus, there have been no significant developments after September 30, 2021, 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.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation derived from our Restated Consolidated Financial Statements as at September 30, 2021, and as adjusted for the Offer. This table should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Financial Statements*” and “*Risk Factors*” on pages 284, 223, and 25, respectively.

Particulars	Pre-Offer as at September 30, 2021 (in ₹ million)	As adjusted for the Offer*
<b>Total borrowings:</b>		
Non-current borrowings (including current maturities) (A)	560.21	[●]
Current borrowings (B)	760.16	[●]
<b>Total borrowings (C)</b>	<b>1,320.38</b>	[●]
<b>Total equity:</b>		
Equity share capital	204.20	[●]
Other equity	2,620.28	[●]
Equity attributable to the owners of the Company	2824.48	[●]
Non-Controlling Interests	0	[●]
<b>Total equity (D)</b>	<b>2,824.48</b>	[●]
<b>Total non – current borrowings / total equity (A/D)</b>	<b>0.20</b>	[●]
<b>Total borrowings / total equity (C/D)</b>	<b>0.47</b>	[●]

\*Post-Offer capitalisation will be determined after finalisation of Offer Price.

Note: Pursuant to a resolution of our Board dated September 6, 2021 and Shareholders’ resolution dated September 30, 2021 equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each.

## FINANCIAL INDEBTEDNESS

Our Company and Subsidiary avail loans in the ordinary course of business for purposes such as, *inter alia*, meeting their working capital requirements, reimbursement of capital expenditure and for general corporate purposes. Our Company and Subsidiary have obtained the necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, *inter alia*, effecting a change in our shareholding pattern, amendment in constitutional documents, change in the composition of Board except consent from State Bank of India in connection with the Offer have not been received by our Company, as on the date of this Draft Red Herring Prospectus. For details regarding the borrowing powers of our Board, see “*Our Management – Borrowing Powers of Board*” and “*Risk Factors*” on pages 203 and 25.

As on September 30, 2021, the aggregated outstanding borrowings of our Company and Subsidiary amounted to ₹ 1321.22 million on a consolidated basis. Set forth below is a brief summary of our aggregate borrowings:

Category of Borrowings	Sanctioned Amount (in ₹ million)	Outstanding Amount (in ₹ million)
<b>Fund Based Borrowings</b>		
Cash credit	870.00	505.79
Overdraft	110.00	8.63
Term loan (As Originally Sanctioned)	892.50	561.05
Vendor Financing Scheme*	100.00	8.74
Customer Bill Discounting *	300.00	237.01
<b>Sub-total (A)</b>	<b>2,272.50</b>	<b>1,321.22</b>
<b>Non-Fund Based Borrowings</b>		
Bank Guarantee	20.00	3.50
Letter of Credit	90.00	19.58
<b>Sub-total (B)</b>	<b>110.00</b>	<b>23.08</b>
<b>Total (A+B)</b>	<b>2,382.50</b>	<b>1,344.30</b>

<sup>^</sup>As certified by Oswal Sunil & Company, Chartered Accountants by way of certificate dated November 17, 2021

\* Unsecured facilities from bank

### Principal terms of the facilities sanctioned to our Company and Subsidiary:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company and Subsidiaries.

1. **Interest:** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies amongst different facilities and typically ranges from 5.75% to 8.50% in case of our Company, and 6.90% to 10.15% in case of our Subsidiary.
2. **Tenor:** The tenor of the facilities availed by our Company and Subsidiary typically ranges from 90 days to seven years.
3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to, *inter alia*:
  - a) Create pari-passu first charge on fixed and current assets;
  - b) Create pari-passu second charge on fixed and current assets;
  - c) Cash margins;
  - d) Personal guarantees by the Directors; and
  - e) Deposit under lien for various amounts.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Pre-payment:** The prepayment fee or penalty attracted in respect of certain loans is typically 2.00% of the sanction amount or principal outstanding of prepayment or entire working capital limit, as applicable.
5. **Penal Interest:** In the event of non-payment of interest or default in payment of facilities on due date or on expiry of working capital limits, penal interest is typically charged at a percentage over and above the applicable interest rate, on the overdue amount, which ranges from 1% per annum to 18% per annum. Further, penalty may also be levied by the banks at a fixed amount or at specified percentage, under relevant facility agreements, on occurrence of certain events *inter-alia* delay in submission of stock statements, additional insurance cover on security, non-submission of documents, breach of covenants *etc.*

6. **Re-payment:** Certain facilities are repayable on demand.
7. **Events of Default:** Borrowing arrangements entered into by us contain certain standard events of default, including, *inter alia*:
  - a) Occurrence of default in the payment of any monies in respect of the facilities on the due dates (whether at stated maturity, by acceleration or otherwise) for payment thereof or otherwise.
  - b) Default in the performance of any covenant, condition, or agreement on the part of the borrower in accordance with transaction documents.
  - c) Borrower and/or any other relevant person have, voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law, or are voluntarily or involuntarily dissolved, becomes bankrupt or insolvent.

On the happening of any event of default, the Bank are entitled to, without any notice to the borrower, (i) set off, appropriate or adjust the term deposits, (ii) call upon the borrower to make payment of all monies in respect of the facilities, (iii) terminate the facilities or suspend or cancel the facilities or reduce the availability of the amounts of the facilities, or (iv) adjust such monies against the limits.

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.

8. **Restrictive Covenants:** *Certain borrowing arrangements entered into by us contain restrictive covenants, including, inter alia, that borrowers without prior written consent or intimation:*
  - a) Enter into any merger or amalgamation or do a buy-back;
  - b) Change the general nature of its business or undertake any expansion or invest in any other entity;
  - c) Permit any change in its ownership or control or management or enter into arrangement whereby its business or operations are managed or controlled, directly or indirectly by any other person;
  - d) Make any amendments to its constitutional documents;
  - e) Opening current account with another bank or a bank which is not a consortium/MBA;
  - f) Prepay outstanding principal amount together with interest thereon;
  - g) Change equity, management and operating structure of the Company;
  - h) Effect any material changes in the shareholding of the borrower;
  - i) Make any corporate investments or investment by way of share capital or debentures or advance funds or monies to or place deposits with, any other company, body, person or concern.

This is an indicative list and there may be additional restrictive covenants under the various borrowing arrangements entered into by us.

For details, see “*Risk Factors*” on page 25.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding (i) criminal proceedings involving our Company, Directors, Promoters or Subsidiary (“**Relevant Parties**”); (ii) actions by statutory or regulatory authorities involving the Relevant Parties, including for all criminal proceedings; (iii) outstanding claims relating to direct and indirect taxes, in a consolidated manner involving the Relevant Parties; and (iv) other pending civil litigation as determined to be material by our Board pursuant to the Materiality Policy (as disclosed herein below); or (v) litigation involving our Group Company which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action.*

*For the purposes of (iv) above in terms of the Materiality Policy adopted by a resolution of our Board dated October 9, 2021:*

*Any pending civil litigation (including tax proceedings) (other than litigations mentioned in point (i) to (iii) above) involving the Relevant Parties shall be considered “material” for the purposes of disclosure in this Draft Red Herring Prospectus, if:*

- (a) the aggregate monetary amount of claim involved, whether by or against the Relevant Parties, in any such pending proceeding is in excess of ₹ 86.49 million i.e., 1% of the total revenue of the Company on a consolidated basis, as per the restated audited consolidated financial statements (included in the Offer Documents) for Fiscal 2021; or*
- (b) where the monetary impact is not quantifiable as per the threshold mention in point (a) above, but an outcome in any such litigation would materially and adversely affect the Company or Subsidiary’s business, prospects, operations, financial position, or reputation.*

*have been considered “material” and accordingly have been disclosed in this Draft Red Herring Prospectus.*

*For the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory or regulatory or governmental authorities or notices threatening criminal action) shall not in any event, be considered as litigation until such time that any of the Relevant Parties, as the case may be, is impleaded as a defendant in proceedings before any court, tribunal or governmental authority or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced..*

*Further, in accordance with the Materiality Policy, our Company has considered such creditors ‘material’ to whom the amount due is in excess of 5 % of the total outstanding dues i.e. trade payables/ of our Company as of the end of the most recent period covered in the Restated Consolidated Financial Statements. The trade payables of our Company as on September 30, 2021 was ₹ 1,067.04 million. Accordingly, a creditor has been considered ‘material’ if the amount due to such creditor exceeds ₹ 53.35 million as on September 30, 2021.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation disclosure below are for that particular litigation only.*

#### **Litigation involving our Company**

##### ***Litigation against our Company***

##### **A. Outstanding criminal proceedings**

1. Our Company was issued a Closure Letter dated July 28, 2018 (“**Closure Letter**”) by the Regional Office of the U.P. Pollution Control Board, Ghaziabad ( the “**Board**”) pursuant to a report by the Hon’ble National Green Tribunal (the “**Tribunal**”) dated July 6, 2018 listing out 119 industries that were found to be non-compliant with the effluent discharge standards, including our unit at BS Road, Industrial Area, Ghaziabad and demanding the stoppage of discharge of effluents from all units concerned. Our Company replied to the said Closure Letter on July 30, 2018 stating in absence of a show cause notice and an opportunity for hearing, the principles of natural justice have been violated by the Board and have also asked for a copy of the report given by the Tribunal (the “**Report**”). Subsequently, on August 4, 2018, our Company received a letter from the Board stating regarding compliance of the mandatory provisions of the Water (Prevention of Pollution and Control) Act, 1974, directing that our unit maintains and operates properly, the installed effluent treatment plant and also confirm to the Report, to which we issued a reply dated August

10, 2018, stating that our Company has always found to be achieving norms laid down by the Board and the Central Pollution Control Board. Our Company further issued a letter to the Board dated August 13, 2018, regarding compliance of the order passed by the Tribunal requesting for our name to be removed from the list of non-complying units. Subsequently, the Board filed a complaint No. 3165/2018 (the “**Complaint**”) against our Company and one of our Promoters, Mr Kishore Sethia before the Special Court of Judicial Magistrate (Water & Air Pollution Control), Lucknow (the “**Magistrate**”) under section 43 of the Water (Prevention & Control of Pollution) Act, 1974. Subsequently, our Company filed a criminal miscellaneous petition dated September 16, 2019 before the High Court of Allahabad at Lucknow (the “**Court**”) under section 482 of the Code of Criminal Procedure, 1973 seeking quashing of the proceedings under the Complaint pending before the Magistrate and challenged the summoning order dated April 20, 2019. The Court passed an order on November 6, 2019 granting a stay in the proceedings in the Complaint and proceedings of order dated April 20, 2019. This matter is currently pending.

*B. Regulatory or statutory authorities*

1. Dinesh Kumar Sharma, an erstwhile employee of the Company (the “**Claimant**”), had filed an application under section 2-A of the U.P. Industrial Disputes Act, 1987 dated August 3, 2009, before the Assistant Labour Commissioner, Ghaziabad, Uttar Pradesh (the “**Commissioner**”), stating that his services were terminated illegally and contrary to the principles of social and natural justice. Our Company submitted a written statement before the Presiding Officer, Labour Court, U.P. at Ghaziabad, (the “**Court**”) dated November, 2011, stating that the Claimant was involved in grave acts of misconducts and also failed to comply with the provisions of Rule 12(1) of the U.P. Industrial Dispute Rules, 1957, rendering him ineligible to claim relief from the Court. Subsequently, our Company also submitted a rebuttal of the affidavit and claim statement of the Claimant before the Court in case no. 19/2011, on August 16, 2013 denying the claims made by the claimant as they were false and vague and stating that the services of the workman were terminated properly and legally. The matter is currently pending.
2. Harish Chand, an erstwhile employee of the Company (the “**Workman**”), filed an application under section 2-A of the U.P. Industrial Disputes Act, 1987 dated June 16, 2010, before the Assistant Labour Commissioner, Ghaziabad, Uttar Pradesh (the “**Commissioner**”), stating that he was wrongly relieved from his duty and was not paid the amount of compensation due to him. Our Company submitted a written statement before the Presiding Officer, Labour Court, U.P. at Ghaziabad, (the “**Court**”) dated November 29, 2013, stating that there existed relation of the Company and the Workman in continuity on the alleged date of termination and that he failed to comply with the provisions of Rule 12(1) of the U.P. Industrial Dispute Rules, 1957, rendering him ineligible to claim relief from the Court. Subsequently, our Company also submitted a rebuttal of the affidavit and claim statement of the Claimant before the Court in case no. 83/2013, on December 5, 2014, denying the claims made by the claimant and stating that the workman had been paid the wages due to him. The matter is currently pending.
3. An order was passed against our Company on May 26, 2017 by the Assistant Provident Fund Commissioner, Goa (the “**Commissioner**”) under section 7A of the Employees’ Provident Fund and Miscellaneous Provisions Act, 1952, assessing and determining certain provident fund dues for the period from October 1995 to September 2011 (the “**Order**”) and determining an amount of ₹ 4,664,751 as dues from our Company. Our Company filed an appeal dated July 5, 2017 before the Employee Provident Fund Appellate Tribunal (“**Tribunal**”) against the impugned Order. The Tribunal granted a stay on the proceedings before the Commissioner vide order dated July 14, 2017. Subsequently, our Company intimated the Employee Provident Fund Organisation, Panaji, Goa, vide letter dated July 27, 2017, regarding the stay and also attached cheque no. 000001 dated July 27, 2017 for ₹ 11,66,188. The matter is currently pending.

*C. Outstanding material civil litigation*

NIL

*Litigation by our Company*

*A. Outstanding criminal proceedings*

NIL

*B. Outstanding material civil litigation*

NIL

*C. Regulatory or statutory authorities*

NIL

### **Litigation involving our Subsidiary**

- A. *Outstanding criminal proceedings*  
NIL
- B. *Outstanding material civil litigation*  
NIL
- C. *Regulatory or statutory authorities*  
NIL

### **Litigation involving our Promoters**

#### **Litigation against our Promoters**

- A. *Outstanding criminal proceedings*
1. For details in relation to notice issued by the U.P. Pollution Control Board, Ghaziabad, to one of our Promoters, Kishore Sethia, see “-Litigations involving our Company – Litigations filed against our Company – Outstanding criminal proceedings – 1” on page 316.

### **Outstanding litigation involving our Group Company which has a material impact on our Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigation involving our Group Companies which has a material impact on our Company.

### **Litigation involving our Directors (other than Promoters)**

As on the date of this Draft Red Herring Prospectus, there are no outstanding civil, criminal or tax litigations involving our Directors. Further, no actions have been initiated against our Directors by any regulatory/ statutory authorities.

### **Tax Proceedings**

*(in ₹ million)*

Nature of cases	Number of cases	Amount involved
<b>Company</b>		
Direct Tax	Nil	Nil
Indirect Tax	21	5.0
<b>Subsidiary</b>		
Direct Tax	4	30.68
Indirect Tax	Nil	Nil
<b>Directors</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Promoter</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>25</b>	<b>35.68</b>

### **Outstanding dues to Creditors**

As per the Materiality Policy, creditors to whom an amount exceeding ₹ 53.35 million, which is 5% of the total outstanding dues i.e. trade payables of our Company as of the end of the most recent period covered in the Restated Financial Statements, i.e. as of September 30, 2021, were considered ‘material’ creditors. Based on the above, there is one material creditors of our Company as on September 30, 2021, to whom an aggregate amount of ₹ 59.45 million was outstanding. Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at September 30, 2021 by our Company, are set out below:

Type of creditors	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises	166	236.98
Material creditors	1	59.45
Other creditors	844	770.61
<b>Total</b>	<b>1,011</b>	<b>1,067.04</b>

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at <https://www.elinindia.com/investors/>.

### **Material Developments**

Other than as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 284, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals, licenses, consents, registrations, and permits issued by relevant regulatory authorities under various rules and regulations. Set out below is an indicative list of all material approvals, licenses, consents, registrations, and permits obtained by our Company and our Material Subsidiary, which are necessary for undertaking our business. In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these material approvals, licenses, consents, registrations, and permits are valid as on the date of this Draft Red Herring Prospectus. Certain material approvals, licenses, consents, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired material approvals, licenses, consents, registrations, and permits are submitted in accordance with applicable requirements and procedures. For details in connection with the applicable regulatory and legal framework, see “Risk Factors” and “Key Regulations and Policies” on pages 25 and 188, respectively.*

In view of the key approvals listed below, our Company can undertake this Offer, current business activities and operations.

### **I. Material approvals in relation to the Offer**

For the approvals and authorisations obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer*” on page 323.

### **II. Incorporation details of our Company and Material Subsidiary**

Certificate of incorporation dated March 26, 1982 issued by the RoC to our Company, in the name of ‘*Elin Electronics Private Limited*’. Fresh certificate of incorporation dated November 22, 1987 issued by the RoC to our Company, consequent upon change of name from ‘*Elin Electronics Private Limited*’ to ‘*Elin Electronics Limited*’, pursuant to conversion of our Company from a private limited company to a public limited company. The CIN of our Company is U29304WB1982PLC034725.

Elin Appliances Private Limited (EAPL) was incorporated on August 21, 2002 at Jalandhar as Connect Cables India Private Limited as a private limited company under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Himachal Pradesh. A fresh certificate of incorporation was issued on November 27, 2002 when the name of the company was changed to ECI Cables Private Limited. Subsequent to the change of the name of company to Elin Appliances Private Limited, a fresh certificate of incorporation was issued on January 14, 2004. Its CIN is U29300HP2002PTC025355. It has its registered office at Beli Khol, Manpurat, Nalagarh, District- Solan, Himachal Pradesh.

### **III. Material approvals in relation to our Company**

Our Company has received the following material approvals, licenses, consents, registrations, and permits pertaining to our business:

#### *A. Tax related approvals*

1. Permanent Account Number AAACE6449G issued by the Income Tax Department, Government of India, under Section 139A of the Income-tax Act, 1961.
2. Tax Deduction and Collection Account Number issued by the Income Tax Department under Income-tax Act, 1961.
3. Our Company has obtained goods and services tax identification numbers under the applicable provisions of the goods and services tax legislations applicable in the states and union territories where we operate. The GST registration number of our Company is 07AAACE6449G2ZM, for the state of New Delhi, where our Corporate Office is located.
4. Import-export code number is 0599048611, which is issued by the Additional Director General of Foreign Trade, New Delhi under the Foreign Trade (Development and Regulation) Act, 1992.

#### *B. Material approvals in relation to our business operations*

1. Consent to operate issued by the respective pollution control board under the Water (Prevention and Control of Pollution) Act, 1974 and Environmental Clearances wherever applicable.

2. Consent to operate issued by the respective pollution control board under the Air (Prevention and Control of Pollution) Act, 1981.
3. Authorisation for generation, storage and disposal of hazardous wastes under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016.
4. License to work a factory issued by the relevant State Government under the Factories Act, 1948.
5. No objection certificate issued by the fire department of the local municipal corporations of the respective states where our manufacturing facility is located.
6. Registrations/ verifications under the Legal Metrology Act for our manufacturing facilities.
7. Certifications from the respective electricity authorities under the Electricity Act, 2003.
8. Food License issued by the Department of Food Safety and Drug Administration, Government of India under Food Safety and Standards Act, 2006.
9. Certificate of registration of research institution for customs duty exemption issued by the Department of Scientific and Industrial Research, Ministry of Science and Technology.
10. Industrial Entrepreneurs Memorandum for manufacture IEM263435 dated August 2, 2019 for ceiling fans and IEM263433 dated August 2, 2019 for relay issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry for our facility at Ghaziabad.

*C. Labour and commercial approvals*

1. Certificate of registration issued by the Employees' Provident Fund Organization, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 for all manufacturing facilities.
2. Certificate of registration issued by Employees State Insurance Corporation, India under the Employees State Insurance Act, 1948 for all manufacturing facilities.
3. Certificate for registration issued by the Labour Department of U.P. under the Contract Labour (Regulation & Abolition) Act, 1970 for our facility in Ghaziabad.

**IV. Approvals in relation to our Products**

1. Certificate of registration SQ/ISO 9001/701 issued by Ministry of Electronics and Information Technology, Government of India for our facility in Baddi. Certificate of registration ISO 9001:2015 issued by DNV Business Assurance, Chennai for our facility in Ghaziabad and by TUV SUD South Asia Private Limited for our facility in Goa.
2. Certificate of registration ISO 14001:2015 issued by Swiss Cert Pvt. Ltd., Delhi for our facility in Baddi, by DNV Business Assurance, Chennai for our facility in Ghaziabad, and by TUV SUD South Asia Private Limited for our facility in Goa.
3. BIS certifications issued by Bureau of Indian Standards for our manufacturing facilities in Ghaziabad and Baddi.

**V. Material approvals in relation to our Material Subsidiary**

Our Material Subsidiary has received the following material approvals, licenses, consents, registrations, and permits pertaining to its business:

*A. Tax related approvals*

1. Permanent Account Number AABCE3127E issued by the Income Tax Department, Government of India, under Section 139A of the Income-tax Act, 1961.
2. Tax Deduction and Collection Account Number issued by the Income Tax Department under Income-tax Act, 1961 is DELE02733D.
3. The GST registration number of our Material Subsidiary is 02AABCE3127E1ZF, for the state of Himachal Pradesh where the office of our Material Subsidiary is located in.

4. Import-export code number is 0504015010, which is issued by the Additional Director General of Foreign Trade, Delhi under the Foreign Trade (Development and Regulation) Act, 1992.

*B. Material approvals in relation to business operations*

1. Consent to operate issued by the Himachal Pradesh State Pollution Control Board under the Environmental Protection Rules, 1986.
2. Registration and License to work a factory (registration number L&E(FAC)9-201469-60) issued by the Labour Department, Himachal Pradesh Government under the Factories Act, 1948.
3. No objection certificate issued by the Directorate of Fire Services Himachal Pradesh, Shimla-2, Government of Himachal Pradesh.
4. Registration/ approval (certificate no. HPR-878 dated June 9, 2014) as provided under the Legal Metrology Act issued by the Office of Controller, Legal Metrology, (Weights and Measures) Himachal Pradesh for our manufacturing facility.
5. Office Order from Himachal Pradesh State Electricity Board Limited under the Electricity Act, 2003.
6. Udayam Certificate UDYAM-HP-11-0002058 issued by the Ministry of Micro, Small and Medium Enterprises, Government of India.

*C. Labour and commercial approvals*

1. Certificate of registration HP/3346 dated January 11, 2010 issued by the Employees' Provident Fund Organisation, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
2. Certificate of registration HP-14-40048-09 dated January 11, 2010 issued by Employees State Insurance Corporation, India under the Employees State Insurance Act, 1948.

*D. Approvals related to our Products*

1. BIS certifications issued by Bureau of Indian Standards for our manufacturing facility in Baddi.
2. Certificate of registration ISO 14001:2015 issued by Swiss Cert Pvt. Ltd., Delhi for our facility in Baddi.

**VI. Material approvals applied for by our Company and Material Subsidiary but not received, or required by Company but not applied for**

Sr. No.	Location of manufacturing facility	Nature of approval
<i>Approvals applied for but not received</i>		
1	Verna, Goa	Application dated October 18, 2019 for renewed license to work from the Factories Act, 1948

**VII. Intellectual Property Registrations**

As on date of this Draft Red Herring Prospectus, our Company has obtained a copyright for its artistic work and 8 trademark registrations under the Trademarks Act, 1999. We have registered the "Elin" trademark under various classes with the Registrar of Trademarks in India under the Trademarks Act, 1999, which are currently valid. These trademarks are registered in the name of our Company. The other registered trademark we have is "Asian".

## 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 September 6, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution dated September 30, 2021 in terms of Section 62(1)(c) of the Companies Act, 2013. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 8, 2021. The Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on November 17, 2021.

Each of the Selling Shareholders have, severally and not jointly, confirmed and approved its participation in the Offer for Sale in relation to its portion of Offered Shares. For details, see “*The Offer*” on page 52.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

### Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of the Promoter Group, Directors, persons in control of our Company and the persons in control of our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

The Selling Shareholders confirm that they have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authority in India.

### Confirmation in relation to RBI Circular dated July 1, 2016

Neither our Company, nor any of our Promoters or Directors have been declared as fraudulent borrowers by the lending banks or financial institution or consortium, in terms of the Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs dated July 1, 2016, as amended, issued by the Reserve Bank of India.

### Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, members of the Promoter Group, and each of the Selling Shareholders confirm that they are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- Except as disclosed in this Draft Red Herring Prospectus, our Company has not changed its name in the last one year.

Our Company's operating profit, net worth, net tangible assets and monetary assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last three years ended March 31 are set forth below:

*Derived from our Restated Financial Information:*

*(₹ in million)*

S. No.	Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
A.	Restated net tangible assets <sup>(1)</sup>	2,692.84	2,331.55	2,017.58
B.	Restated monetary assets <sup>(2)</sup>	53.79	103.15	32.79
C.	Monetary assets as a percentage of net tangible assets (B/A)	2.00	4.42	1.63
D.	Net worth <sup>(3)</sup>	2,622.71	2,277.68	1,990.21
E.	Restated pre-tax operating profits <sup>(4)</sup>	664.79	554.55	570.22

Notes:

1. "Restated net tangible assets" means the sum of all the net assets of our Company excluding intangible assets and right of use assets reduced by total liabilities excluding deferred tax liability (Net) of our Company.
2. "Restated monetary assets" means cash and cash equivalents and bank balances other than cash and cash equivalents (excludes bank deposits with remaining maturity of more than twelve months and fixed deposits held as margin money).
3. "Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits (inclusive of net gain consequent to fair valuation of certain assets on transition to Ind AS) and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
4. "Restated pre-tax operating profit" means restated profit before tax excluding other income, interest expenses, depreciation & amortization expenses and comprehensive income.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- (i) Our Company, our Promoters, members of the Promoter Group, each of the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;
- (ii) The companies with which our Promoters or our Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;
- (iii) Neither our Company, nor our Promoters, or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations);
- (iv) None of our Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;
- (v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;
- (vi) Our Company has entered into tripartite agreements dated November 17, 2021 and November 16, 2021 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares. Further, our Company shall enter into a tripartite agreement with the respective Depositories and the Registrar to the Offer prior to the filing of the Red Herring Prospectus with RoC;

- (vii) The Equity Shares of our Company held by the Promoters are in the dematerialised form;
- (viii) Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith; and
- (ix) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.
- (x) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE 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 AXIS CAPITAL 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 DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 17, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(FORM A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE 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 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, the Selling Shareholders, our Directors 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.elinindia.com](http://www.elinindia.com), or the respective websites of our Promoters or any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders, and our Company

All information shall be made available by our Company, Selling Shareholders 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, 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.

Bidders 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 transactions with, and perform services for, our Company, our Promoters, members of the Promoter Group, the Selling Shareholders, their respective group companies, affiliates or associates or third parties in the ordinary course of business have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, our Promoters, members of the Promoter Group, the Selling Shareholders, and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, 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 trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs 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 Chennai and Mumbai only. This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. 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.

Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or 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.

**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.**

### **Eligibility and Transfer Restrictions**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or 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.**

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Listing**

The Equity Shares proposed to be issued through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and 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.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed. The Selling Shareholders confirm that it shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum or such other rate as may be prescribed by the SEBI from time to time, for the delayed period, subject to applicable law

#### **Consents**

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal counsels appointed for the Offer, CFO, Bankers to our Company, the BRLMs, Registrar to the Offer, Frost & Sullivan have been obtained; and consents in writing of the Syndicate Members, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ Sponsor Bank to act in their respective capacities, will be obtained as required under the Companies Act, 2013. All such consents have not been withdrawn until the date 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 dated November 17, 2021 from the Statutory Auditors, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, 2013 in respect of the: (i) their examination report dated November 9, 2021 on the Restated Consolidated Financial Statements; and (ii) the statement of special tax benefits dated November 17, 2021 included in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Our Company has received written consent from Er. B.P. Singh, Independent Chartered Engineer dated October 14, 2021, October 29, 2021, October 30, 2021, November 14, 2021, November 15, 2021 and November 15, 2021 in relation to (i) the details of our aggregate installed capacity and capacity utilisation; (ii) details of our R&D infrastructure; (iii) details of land area of our manufacturing facilities; (iv) details of power source and back-up at our Company's manufacturing facilities; (v) production capacity for medical diagnostics cartridges; (vi) details of SMT lines and capacity CPH, respectively, to include its name as required under section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an independent chartered engineer with respect to the certificates issued by him and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entities during the last three years**

Other than as disclosed in “*Capital Structure*” on page 66, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Our Company does not have any listed group company or any listed subsidiary or a listed associate entity.

**Commission and Brokerage paid on previous issues of the Equity Shares in the last five years**

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares for last five years by our Company. **Performance vis-à-vis objects – Public/ rights issue of our Company**

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

**Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company**

Our Company does not have any corporate promoters or any listed subsidiary.

**Price information of past issues handled by the BRLMs**

**1) Axis Capital Limited**

**1. Price information of past issues handled by Axis Capital Limited**

Sr. No.	Issue name	Issue size ( millions)	Issue price( )	Listing date	Opening price on listing date (in `)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	S.J.S. Enterprises Limited	8,000.00	542.00	15-Nov-21	542.00	-	-	-
2	Fino Payments Bank Limited	12,002.93	577.00	12-Nov-21	544.35	-	-	-
3	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	11-Oct-21	715.00	-11.36%, [+0.55%]	-	-
4	Ami Organics Limited	5,696.36	610.00	14-Sep-21	910.00	+117.07%, [+4.50%]	-	-
5	Chemplast Sanmar Limited	38,500.00	541.00	24-Aug-21	550.00	+2.06%, [+5.55%]	-	-
6	Nuvoco Vistas Corporation Limited	50,000.00	570.00	23-Aug-21	485.00	-5.91%, [+6.46%]	-	-
7	Cartrade Tech Limited	29,985.13	1,618.00	20-Aug-21	1,599.80	-10.31%, [+6.90%]	-31.01%, [+9.41%]	-
8	Clean Science And Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	+66.33%, [+5.47%]	+138.53%, [+16.42%]	-
9	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	+12.64%, [+1.87%]	+4.26%, [+10.72%]	-
10	Krishna Institute Of Medical Sciences Limited <sup>1</sup>	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	+48.35%, [+12.89%]	-

Source: [www.nseindia.com](http://www.nseindia.com)

<sup>1</sup> Offer Price was ` 785.00 per equity share to Eligible Employees

Notes:

1. Issue Size derived from Prospectus/final post issue reports, as available.

2. The CNX NIFTY is considered as the Benchmark Index.

3. Price on NSE is considered for all of the above calculations.

4. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

5. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

## 2. Summary statement of price information of past issues handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022*	14	2,60,586.65	-	-	3	2	4	3	-	-	-	2	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	1	1	4	3	2
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

## 2) JM Financial Limited

### 1. Price information of past issues handled by JM Financial Limited

Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) 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 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 <sup>th</sup> calendar days from listing
1.	FSN – E-Commerce Ventures Limited <sup>8</sup>	53,497.24	1,125.00	November 10, 2021	2018.00	Not Applicable	Not Applicable	Not Applicable
2.	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	October 11, 2021	715.00	-11.36% [0.55%]	Not Applicable	Not Applicable
3.	Krsnaa Diagnostics Limited <sup>9</sup>	12,133.35	954.00	August 16, 2021	1,005.55	-9.42% [4.93%]	-27.73% [9.30%]	Not Applicable
4.	Roxol Rings Limited	7,310.00	900.00	August 09, 2021	1,250.00	22.28% [6.79%]	31.50% [10.20%]	Not Applicable
5.	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	July 29, 2021	2,111.85	92.54% [5.87%]	136.37% [15.78%]	Not Applicable
6.	Clean Science and Technology Limited	15,466.22	900.00	July 19, 2021	1,755	66.33% [5.47%]	138.53% [16.42%]	Not Applicable
7.	India Pesticides Limited	8,000.00	296.00	July 5, 2021	350.00	12.64% [1.87%]	4.26% [10.72%]	Not Applicable
8.	Shyam Metalics and Energy Limited <sup>7</sup>	9,085.50	306.00	June 24, 2021	380.00	40.95% [0.42%]	22.65% [11.22%]	Not Applicable
9.	Sona BLW Precision Forgings Limited	55,500.00	291.00	June 24, 2021	301.00	45.45% [0.42%]	93.40% [11.22%]	Not Applicable
10.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	146.32% [27.71%]

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. 30<sup>th</sup> calendar day has been taken as listing date plus 29 calendar days; 90<sup>th</sup> calendar day has been taken as listing date plus 89 calendar days; 180<sup>th</sup> calendar day has been taken as listing date plus 179 calendar days.
6. Restricted to last 10 issues.
7. A discount of 4.90 % on the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion (“Employee Discount”) equivalent to ₹ 15 per Equity Share.
8. A discount of Rs. 100 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
9. A discount of Rs. 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
10. Not Applicable – Period not completed

## 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 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> 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%
2021-2022	10	2,18,674.87	-	-	2	2	3	2	-	-	-	1	-	-
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	5	2	1
2019-2020	4	36,400.83*	-	-	1	-	1	2	-	1	1	-	1	1

\*\*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 the SEBI circular dated January 10, 2012, bearing reference number CIR/MIRSD/1/2012, please see the websites of the BRLMs, as provided in the table below:

S. No.	Name of the BRLM	Website
1.	Axis Capital Limited	www.axiscap.co.in
2.	JM Financial Limited	www.jmfl.com

## Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

## Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts beyond the date of receipt of the complaint, the Book Running Lead Managers shall be liable to compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay, to the extent applicable.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission, or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned herein.

Our Company has not received investor complaints in relation to the Equity Shares for the three years prior to the filing of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus.

#### **Disposal of Investor Grievances by our Company**

Our Company will obtain authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 read with SEBI circular (SEBI/HO/OIAE/IGRD/CIR/P/2021/642) dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

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 four Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Avinash Chandra Karwa, Company Secretary of our Company, as the Compliance Officer for the Offer and she may be contacted in case of any pre-Offer related problems. For details, see “*General Information*” on page 58.

Our Company has constituted a Stakeholders’ Relationship Committee comprising of three directors as members of whom two are Independent Directors as members to review and redress shareholder and investor grievances. For details, see “*Our Management - Stakeholders’ Relationship Committee*” on page 207.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock 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 the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of voting and the right to receive dividend. Further, in the case of Offer for Sale, the dividend for the entire year shall be payable to the Allottees. In addition, 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. For details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 358.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. 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 Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For details, in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” beginning on pages 222 and 358, respectively.

#### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 5 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, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Bengali newspaper, Bengali being the regional language of West Bengal, where our Registered Office is located, each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to 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 respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

#### The Offer

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

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in “*Objects of the Offer - Offer Expenses*” on page 100.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 358.

#### **Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and KFin Technologies Private Limited:

- Tripartite agreement dated November 17, 2021 amongst our Company, NSDL and KFin Technologies Private Limited.
- Tripartite agreement dated November 16, 2021 amongst our Company, CDSL and KFin Technologies Private Limited.

Our Company shall enter into a tripartite agreement with the respective Depositories and the Registrar to the Offer prior to the filing of the Red Herring Prospectus with RoC.

#### **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 in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

#### **Joint Holders**

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

#### **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. 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 and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

### Bid/Offer Programme

<b>BID/OFFER OPENS ON</b>	[●] <sup>(1)</sup>
<b>BID/OFFER CLOSES ON</b>	[●] <sup>(2)</sup>

<sup>(1)</sup> Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations

<sup>(2)</sup> Our Company, in consultation with the BRLMs, may 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:

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	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 [●]

\* In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our 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, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.**

In terms of the UPI Circulars, in relation to the Offer, the Lead Managers will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

### Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date*	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

\*UPI mandate end time and date shall be at 12.00 pm on [●]

### On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this 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, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Working Days during the Bid / Offer Period.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids and revisions by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected. Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, in consultation with the BRLMs, 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 Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.**

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### Minimum Subscription

If our Company does not receive the minimum subscription in the Offer equivalent to at least 10% post Offer paid up Equity Share capital of our Company (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 date of Bid/ Offer Closing Date on the date of closure of the Offer or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law. In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale.

The Selling Shareholders shall reimburse, in proportion to the portion of its Offered Shares, any expenses and interest incurred by our Company on behalf of such Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that such Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

#### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

#### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 66 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association*" beginning on page 358.

#### **Allotment only in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be Allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

## OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ 7,600 million comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 1,750 million and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 5,850 million by the Selling Shareholders. The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹ 5 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation <sup>(2)</sup>	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the maximum 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, “Offer Procedure” on page 340

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the size of the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in 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 one Equity Share		
Trading Lot	One Equity Share		
Who can apply <sup>(3) (4)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, 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, 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 on a non-repatriable basis, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, 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	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form</p>		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

\* Assuming full subscription in the Offer

- (1) Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the 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 Net QIB Portion. For details, see "Offer Structure" on page 337.
- (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 in compliance with Regulation 6(1) of the SEBI ICDR Regulations.
- (3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.
- (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. 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 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, the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the 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 details, see “*Terms of the Offer*” on page 332.

### **Withdrawal of the Offer**

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent 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 promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. 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, in consultation with the BRLMs withdraws the Offer at any stage and thereafter determines that it will proceed with an issue 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 (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC. If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

## OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 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) interest in case of delay in allotment or refund; and (xiii) disposal of applications.

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 of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. 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. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular is effective for initial public offers opening on or after May 1, 2021, and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Red Herring Prospectus.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021

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 in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, 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. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, in compliance with applicable laws.**

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021

### **Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019, until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a 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 was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. 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 replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available with 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. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the valid 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. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI

ASBA Bidders (other than Retail Individual Investors using UPI Mechanism) must provide bank account details 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 or the UPI ID, as applicable, in the relevant space provided in the ASBA Form.

ASBA Bidders shall ensure that the Bids are made 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. RIBs may also submit their ASBA Forms with the SCSBs (except RIBs using the UPI Mechanism). ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to Bidders, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Anchor Investors	[●]

\*Excluding electronic Bid cum Application Forms

Notes:

- (1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com))
- (2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details 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 to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. 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. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

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. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Issue shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

## ELECTRONIC REGISTRATION OF BIDS

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Draft Red Herring Prospectus.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

**The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales occurs.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Participation by Promoters and members of the Promoter Group of the Company, the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, 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 Promoters/ 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 Promoters/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoters or 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 Promoters and members of the Promoter Group will not participate in the Offer, except to the extent of participation by our Promoters and members of the Promoter Group in the Offer for Sale.

#### **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 in consultation with the BRLMs 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 NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non- Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB to block their Non-Resident Ordinary (“NRO”) accounts or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a 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).

For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 357. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Rules.

### **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/Applications from individuals.

### **Bids by FPIs**

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments.

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. In terms of the FEMA Non-debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments 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) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments (“ODI”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category I FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (“**SEBI VCF Regulations**”) as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended (“**SEBI FVCI Regulations**”) prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs (under Schedule I of the FEMA Non-Debt Instruments Rules) registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. 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.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

**There is no reservation for Eligible NRI Bidders, AIFs and FPIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**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 or 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 in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the "**Banking Regulation Act**"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs 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 of India (Investment) Regulations, 2016, as amended, are broadly set forth below:

- (a) equity shares of a company: the lower of 10%\* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer or health insurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or health insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or health insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

*\*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the 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 subject to the terms and conditions that our Company in consultation with the BRLMs may deem fit.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Anchor Investors**

- (a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bid was required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid could not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund were aggregated to determine the minimum application size of ₹ 100 million.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors opened one Working Day before the Bid/Offer Opening Date and will completed on the same day.
- (e) Our Company, in consultation with the BRLMs, finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion was not less than:
  - maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
  - 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

- in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made, is required to be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors could not withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (h) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (i) Neither the BRLMs nor any associate 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 associate of the and BRLMs) could apply in the Offer under the Anchor Investor Portion.
- (j) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion were not considered multiple Bids

**In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.**

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids 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, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle) in the Bid cum Application Form;
6. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
12. 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 only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
13. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
15. 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 the 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 UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
17. Ensure that the Demographic Details are updated, true and correct in all respects;
18. 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;
19. Ensure that the category and the investor status is indicated in the Bid cum Application Form;
20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
21. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
22. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
23. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
24. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, 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. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
26. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;
27. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
28. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
29. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and
30. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.
31. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) 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](http://www.sebi.gov.in)).
32. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019; and
33. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.  
Bids by Eligible NRIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer.
34. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***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;
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
7. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
8. Do not submit the Bid for an amount more than funds available in your ASBA account.
9. 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 a Bidder;
10. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

11. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
12. Anchor Investors should not Bid through the ASBA process;
13. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
14. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. 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;
18. 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);
19. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
20. Do not submit a Bid using UPI ID, if you are not a RIB;
21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not Bid for Equity Shares in excess of what is specified for each category;
23. 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 applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
27. 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 RIBs using the UPI Mechanism;
28. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
29. Do not submit a Bid cum Application Form with a third-party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism);
30. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;
31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned in the list provided on the SEBI website is liable to be rejected; and
32. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders were requested to note that Bids could be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;

4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs by using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of retail discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see “*General Information*” on page 58.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

For helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, please see “*General Information – Book Running Lead Managers*” on page 59.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the 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.

#### **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 Red Herring Prospectus and the Prospectus 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 shares, if any, shall be allotted on a proportionate basis.

### **Payment into Escrow Account(s) for Anchor Investors**

Our Company, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) 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 and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], an English national daily newspaper, (ii) [●] editions of [●], a Hindi national daily newspaper, and (iii) [●] editions of [●], a Bengali newspaper, Bengali being the regional language of West Bengal, where our Registered Office is located, each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 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 members of the Syndicate 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 Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the ‘Prospectus’. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- No further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc
- Promoter's contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees.
- Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent 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 promptly on which the Equity Shares are proposed to be listed.
- that if the Offer is withdrawn after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently.
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.
- It shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer.

#### **Undertakings by the Selling Shareholders**

The Selling Shareholders undertakes in respect of itself as a 'selling shareholder' and its portion of the Equity Shares offered by it in the Offer for Sale that:

- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale;
- the Offered Shares have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI
- the Equity Shares offered for sale by the Selling Shareholder in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- the Equity Shares being offered for sale by the Selling Shareholder pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;
- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;
- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- it shall provide such reasonable cooperation to our Company in relation to the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and
- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company in consultation with the BRLMs.

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

*“Any person who—*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

### **Utilisation of Offer Proceeds**

Our Board of Directors certifies and declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

The Company and the Selling Shareholders, specifically confirm and declare that all monies received out of the Offer shall be 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.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“**FDI**”) through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020.

FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof. Under the FDI Policy, 100% foreign investment is permitted under automatic route in manufacturing sector.

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 Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

**The Equity Shares offered in the Offer have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in ‘offshore transactions’ in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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**

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.*

### **Preliminary**

The following regulations comprised in these Articles of Association, were adopted pursuant to the special resolution passed at the Annual general meeting of the Company held on 30.09.2021, in substitution for and to the entire exclusion of, the earlier regulations comprised in the existing Articles of Association of the Company.

### **Applicability of Table ‘F’**

Subject to anything to the contrary hereinafter provided, the regulations contained in Table “F” in the First Schedule to the Companies Act, 2013, as amended from time to time, in so far as they are applicable to a public company, will apply to the Company save in so far as they are expressly or by implication excluded by these Articles. In case of any conflict between the provisions herein contained and the regulations contained in Table “F”, the provisions herein will prevail.

### **Definitions And Interpretation**

1. In these Articles, the following words and expressions, unless repugnant to the subject, shall mean the following:

“Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.

“Annual General Meeting” means the annual general meeting of the Company convened and held in accordance with the Act.

“Articles of Association” or “Articles” mean these Articles of association of the Company, as may be altered from time to time in accordance with the Act.

“Board” or “Board of Directors” means the board of directors of the Company in office at applicable times.

“Company” means ELIN ELECTRONICS LIMITED, a company incorporated under the laws of India.

“Depository” means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“Director” shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with and the provisions of these Articles.

“Effective Date” shall be such date on which the Equity Shares are listed on the Stock Exchanges, pursuant to the IPO.

“Equity Shares” shall mean the issued, subscribed and fully paid-up equity shares of the Company having the face value set out in the Memorandum;

“Exchange” shall mean BSE Limited and the National Stock Exchange of India Limited.

“Extraordinary General Meeting” means an extraordinary general meeting of the Company convened and held in accordance with the Act;

“General Meeting” means any duly convened meeting of the shareholders of the Company and any adjournments thereof;

“IPO” means the initial public offering of the Equity Shares of the Company;

“Member” means the duly registered holder from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association and in case of shares held by a Depository, the beneficial owners

whose names are recorded as such with the Depository;

“Memorandum” or “Memorandum of Association” means the memorandum of association of the Company, as may be altered from time to time;

“Office” means the registered office, for the time being, of the Company;

“Officer” shall have the meaning assigned thereto by the Act;

“Ordinary Resolution” shall have the meaning assigned thereto by the Act;

“Register of Members” means the register of members to be maintained pursuant to the provisions of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of shares held in a Depository;

“Rules” means the applicable rules for the time being in force as prescribed under relevant sections of the Act;

“the seal” means the common seal of the Company; and

“Special Resolution” shall have the meaning assigned thereto by the Act.

2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

#### *Share capital and variation of rights*

3. The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force.
4. The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:
  - (a) Equity share capital:
    - (i) with voting rights; and/or
    - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and
  - (b) Preference share capital.
5. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board of Directors thinks fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
6. The Board of Directors may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for

services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares.

7. Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:
  - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum 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; or;
  - (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 Share Capital by the amount of the shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.
  
8.
  - (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -
    - (a) one certificate for all his shares without payment of any charges; or
    - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
  - (ii) Every certificate shall be under the seal, if any, and shall specify the shares to which it relates and the amount paid-up thereon, shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary.

Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.
  - (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
  
9. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal or the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that, in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
  
10.
  - (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees not exceeding the amount payable under applicable law for each certificate as may be fixed by the Board. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. and no fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

- (ii) The provisions of Articles (10) and (11) shall mutatis mutandis apply to debentures of the company.
11. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
12. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
13. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
14. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
15. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### ***Further Issue of Shares***

16. (1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:
- (A) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares at the date;
- (i) The offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

- (ii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (i) shall contain a statement of this right;
- (iii) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company

- (B) to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under applicable law; or
  - (C) to any person(s), if it is authorized by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer (if required under law) subject to such conditions as may be prescribed under the Act and the rules made thereunder;
- (2) Nothing in this Article shall apply to the increase of the subscribed capital of a company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company: Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the company in general meeting.
  - (3) Nothing in sub-clause (ii) of Clause (1)(A) shall be deemed:
    - (i) To extend the time within which the offer should be accepted; or
    - (ii) To authorize any person to exercise the right of renunciation for a second time that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.
  - (4) Notwithstanding anything contained in Article 16 (3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

### *Lien*

- 17. (i) The company shall have a first and paramount lien-
  - (a) on all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien. If any, on such shares/debentures. ; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
  - (iii) The fully paid up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
- 18. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:
 

Provided that no sale shall be made-

    - (a) unless a sum in respect of which the lien exists is presently payable; or

- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
19. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
20. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

***Calls on shares***

21. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
  - (iii) A call may be revoked or postponed at the discretion of the Board.
22. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
24. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
25. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
26. The Board-
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
  - (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

### *Transfer of shares*

27. The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share, debenture or other security held in a material form.
28. (i) A common form of transfer shall be used.
- (ii) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- (iv) The instrument of transfer shall be in writing and all provisions of the Act and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
29. The Board may, subject to the right of appeal conferred by section 58 decline to register -
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.
30. The Board may decline to recognise any instrument of transfer unless-
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.
31. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
- Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
32. Subject to the provisions of the Act, Securities Contracts (Regulation) Act, 1956 or any law for the time being in force and these Articles, the Board may (at its own absolute and uncontrolled discretion) decline or refuse by giving reasons, whether in pursuance of any power of the Company under these Articles, applicable laws, or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member or in debentures of the Company, after providing sufficient cause, within a period of one month, or such other time period as prescribed under applicable laws for transfer or transmission of securities, 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 to the transferee and transferor notice of the refusal, giving reasons for such refusal. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.

### *Transmission of shares*

33. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares
- (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
34. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either -
- (a) to be registered himself as holder of the share; or

- (b) to make such transfer of the share as the deceased or insolvent member could have made.
  - (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- 35.
- (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
  - (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
  - (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
36. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

#### *Forfeiture of shares*

37. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
38. The notice aforesaid shall -
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 40.
- (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
  - (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 41.
- (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
  - (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- 42.
- (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
  - (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
  - (iii) The transferee shall thereupon be registered as the holder of the share; and
  - (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

43. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

*Alteration of capital*

44. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

45. Subject to the provisions of section 61, the company may, by ordinary resolution, -

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

46. Where shares are converted into stock, -

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

47. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, -

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

*Capitalisation of profits*

48. (i) The company in general meeting may, upon the recommendation of the Board, resolve -

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -

- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
49. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power -
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

#### ***Buy-back of shares***

50. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities and the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals as required under the Act, SEBI Regulations or any other competent authority, as may be permitted by law.

#### ***General meetings***

51. All general meetings other than annual general meeting shall be called extraordinary general meeting.
52. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### ***Proceedings at general meetings***

53. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
54. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
55. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
56. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
57. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have second or casting vote.

#### ***Adjournment of meeting***

58. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### ***Voting rights***

59. Subject to any rights or restrictions for the time being attached to any class or classes of shares, -
- (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
60. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
61. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
63. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
64. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
65. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### ***Proxy***

66. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
67. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
68. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### ***Board of Directors***

69. Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) Directors after passing a Special Resolution.

70. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

The following shall be first Directors of the Company:

1. **SRI BAHADURMAL SETHIA**
  2. **SRI BRIDHI CHAND SETHIA**
  3. **SRI MANGI LALL SETHIA**
  4. **SRI VINAY KUMAR SETHIA**
  5. **SRI BUDH SINGH SETHIA**
71. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them -
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
  - (b) in connection with the business of the company.
72. The Board may pay all expenses incurred in getting up and registering the company.
73. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
74. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
75. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
76. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

#### ***POWERS OF BOARD***

77. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.
78. The Board may, from time to time and at its discretion, subject to the provisions of Sections 73, 179, 180, and 185 of the Act, raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company Any such money be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and securities of the Company or by other means as the Board deems expedient. The Board of Directors shall not except with the consent of the Company by way of a special resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the

Company's bankers in the ordinary course of business) exceeds the aggregate of paid up capital of the Company, its free reserves and securities premium.

79. Subject to the Act and these Articles, The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being or issue debentures with the right to conversion into or allotment of shares without the sanction of the Company by a special resolution in the General Meeting.

***Proceedings of the Board***

80. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.  
(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
81. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.  
(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
82. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
83. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.  
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
84. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.  
(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
85. (i) A committee may elect a Chairperson of its meetings.  
(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
86. (i) A committee may meet and adjourn as it thinks fit.  
(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
87. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
88. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

89. Subject to the provisions of the Act, -  
(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

90. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### *The Seal*

- 91. (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

#### *Dividends and Reserve*

92. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

93. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

- 94. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

95. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

96. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

- 97. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

98. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

99. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

100. No dividend shall bear interest against the company.

- 101. (i) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within

the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called “Unpaid Dividend Account of Elin Electronics Limited”.

- (ii) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) 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 Act. Provided that any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.
- (iii) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.
- (iv) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

#### *Term of Issue Of Debenture*

102. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

#### *Management*

103. The Business of the Company shall be carried on by the Board of Directors through a Managing Director, and / or in such manner as they shall think fit, subject to the control and superintendence of the Board of Directors at all times.
104. Subject to the provisions of Sections 196, 197, and 203 and Schedule V of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places. The Managing Director shall exercise such powers as may be delegated to him by the Board subject to its overall control and supervision. The Managing Director shall report all material actions undertaken, or proposed to be undertaken, by him in the exercise of powers delegated to him to the Board of Directors at their meetings.
105. Subject to the provisions of the Act,—
- (i) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as the Board may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
106. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in the Act thereof, the Board may, from time to time, entrust to and confer upon a Managing Director or other senior management personnel, for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
107. A provision of the Act or these Articles requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### *Accounts*

108. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open

to the inspection of members not being directors.

- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### ***Winding up***

109. Subject to the provisions of Chapter XX of the Act and rules made thereunder -

- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### ***Indemnity***

110. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### ***Dematerialization of Securities***

111. The Company shall recognize interest in dematerialized securities under the Depositories Act, 1996.

Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other Applicable Law.

112. Dematerialization/Re-materialization of securities

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

113. Option to receive security certificate or hold securities with the Depository

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

114. Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

115. Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except

only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.

116. Register and index of beneficial owners

The Company shall cause to be kept a register and index of members with details of securities held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members, resident in that state or country.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be filed with the RoC. Copies of the contracts and also the documents for inspection referred to hereunder, (i) may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days; and (ii) will also be available for inspection on the website of our Company at <https://www.elinindia.com/investors/>, from date of this Draft Red Herring Prospectus until the Bid/ Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### A. Material Contracts for the Offer

- a) Offer Agreement dated November 17, 2021 amongst our Company, the Selling Shareholders and the BRLMs.
- b) Registrar Agreement dated November 17, 2021 amongst our Company, the Selling Shareholders and the Registrar to the Offer.
- c) Cash Escrow and Sponsor Bank Agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Account Bank and the Refund Bank(s).
- d) Share Escrow Agreement dated [●] amongst the Selling Shareholders our Company and the Share Escrow Agent.
- e) Syndicate Agreement dated [●] amongst our Company, the Selling Shareholders, the BRLMs, and Syndicate Members.
- f) Underwriting Agreement dated [●] amongst our Company, the Selling Shareholders and the Underwriters.
- g) Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

#### B. Material Documents

- a) Certified copies of updated MoA and AoA of our Company, updated from time to time.
- b) Certificate of incorporation dated March 26, 1982 issued to our Company, under the name Elin Electronics Private Limited by the RoC.
- c) Fresh certificate of incorporation dated November 22, 1987 issued by the RoC, consequent upon change of name from 'Elin Electronics Private Limited' to 'Elin Electronics Limited', pursuant to conversion of our Company from a private limited company to a public limited company.
- d) Scheme of Amalgamation of Asian Magnetic Devices Private Limited and Rosebud Holding Private Limited with our Company under sections 230 to 232 and other relevant provisions of the Companies Act, 2013.
- e) Resolutions of the Board of Directors dated September 6, 2021, authorising the Offer and other related matters.
- f) Resolution of Board of Directors dated November 9, 2021, taking on record the approval for the Offer for Sale by the Selling Shareholders.
- g) Shareholders' resolution dated September 30, 2021, in relation to the Fresh Issue and other related matters.
- h) Resolution of the Board of Directors dated November 17, 2021, approving the DRHP.

- i) Copies of the annual reports of our Company for the Financial Years 2021, 2020 and 2019.
- j) Resolution of the board of directors of our Subsidiary dated October 9, 2021 consenting to participate in the Offer for Sale.
- k) Written consent dated November 17, 2021 from Oswal Sunil & Company, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated November 9, 2021 on our Restated Financial Statements; and (ii) their report dated November 17, 2021 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
- l) Information, included in this Draft Red Herring Prospectus along with the Restated Consolidated Financial Statements.
- m) The statement of special tax benefits dated November 17, 2021 issued by the Statutory Auditors.
- n) Consent of the Selling Shareholders, the Directors, the BRLMs, the Syndicate Members, legal counsels, Registrar to the Offer, Statutory Auditors, Escrow Collection Bank(s), Bankers to the Offer, Bankers to our Company, lenders of the Company, Promoters, Key Managerial Personnel, Company Secretary and Compliance Officer, Chief Financial Officer, Frost & Sullivan as referred to in their specific capacities.
- o) Report titled “*Assessment of Electronics Manufacturing Services (EMS) Industry in India*” dated October 2021 by F&S.
- p) Consent letter dated November 16, 2021 of Frost and Sullivan in respect of the “*Assessment of Electronics Manufacturing Services (EMS) Industry in India Report*”.
- q) Due Diligence Certificate dated November 17, 2021 addressed to SEBI from the BRLMs.
- r) In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively
- s) Tripartite agreement dated November 17, 2021 amongst our Company, NSDL and the Registrar to the Offer
- t) Tripartite agreement dated November 16, 2021 amongst our Company, CDSL and the Registrar to the Offer
- u) Consent from Er. B.P. Singh, Independent Chartered Engineer dated October 14, 2021, October 29, 2021, October 30, 2021, November 14, 2021, November 15, 2021 and November 15, 2021 in relation to (i) the details of our aggregate installed capacity and capacity utilisation; (ii) details of our R&D infrastructure; (iii) details of land area of our manufacturing facilities; (iv) details of power source and back-up at our Company’s manufacturing facilities; (v) production capacity for medical diagnostics cartridges; (vi) details of SMT lines and capacity CPH, respectively, to include its name as required under section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this DRHP, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an independent chartered engineer with respect to the certificates issued by him.
- v) Certificate from Statutory Auditors in relation to utilisation of loans dated November 17, 2021.
- w) SEBI final 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**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Mangi lall Sethia**  
**Chairman and Wholetime Director**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Kamal Sethia**  
**Managing Director**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sanjeev Sethia**  
**Wholetime Director**

Place: Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sumit Sethia**  
**Wholetime Director**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Kamal Singh Baid**  
**Independent Director**

Place: Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Shilpa Baid**  
**Independent Director**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Shanti Lal Sarnot**  
**Independent Director**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and 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, 2013, SCRA, SCRR , and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Ashis Chandra Guha**  
**Independent Director**

Place: New Delhi  
Date: November 17, 2021

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, and the rules, 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, 2013, the SCRA, the SCRR and the SEBI Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Raj Karan Chhajer**  
**Chief Financial Officer**

Place: New Delhi  
Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Kamal Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Kamal Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Kishore Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Kishore Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Gaurav Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Gaurav Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Sanjeev Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Sanjeev Sethia

Place: Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Sumit Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Sumit Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Suman Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Suman Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Vasudha Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Vasudha Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

I, Vinay Kumar Sethia, hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as the Promoter Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Name: Vinay Kumar Sethia

Place: New Delhi

Date: November 17, 2021

## **DECLARATION BY THE OTHER SELLING SHAREHOLDERS**

The Other Selling Shareholders hereby confirm and certify that all statements, disclosures and undertakings made or confirmed by them in this Draft Red Herring Prospectus about or in relation to themselves, as the Other Selling Shareholders and their portion of the Offered Shares, are true and correct. They assume no responsibility as an Other Selling Shareholders, for any other statements, disclosures, and undertakings, including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF THE OTHER SELLING SHAREHOLDERS, ACTING THROUGH KAMAL SETHIA AND VINAY KUMAR SETHIA, DULY APPOINTED POWER-OF-ATTORNEY HOLDER**

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Name: **Kamal Sethia**  
Place: New Delhi  
Date: November 17, 2021

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Name: **Vinay Kumar Sethia**  
Place: New Delhi  
Date: November 17, 2021