



PACIFIC INDUSTRIES LIMITED

Our Company was incorporated as a public limited company under the Companies Act, 1956, at Jaipur, Rajasthan, as Pacific Granites Limited. Our Company was granted a certificate of incorporation and certificate of commencement of business dated July 13, 1989 and August 28, 1989, respectively, by the Registrar of Companies, Rajasthan. Thereafter, the name of our Company was changed to Pacific Industries Limited and a fresh certificate of incorporation, consequent upon change of name, was issued by the Registrar of Companies on November 25, 1994. The registered office of our Company was shifted from the state of Rajasthan to the state of Karnataka pursuant to the order passed by the Hon'ble Company Law Board, New Delhi Bench on November 30, 2011. For further details, please see section "History and Other Corporate Matters" on page 63 of this Draft Letter of Offer.

Registered Office: Survey No. 13, National Highway 48, Kempalinganahalli Village, Nelamangala Taluk, Bangalore (R) 562123 Karnataka

Corporate Office: Village Sapetia, Brahmano Ka Guda, Bedla, Udaipur 313004, Rajasthan

Corporate Identification Number: L14101KA1989PLC062041,

Contact Person: Mr. Sachin Shah, Company Secretary and Compliance Officer

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Website: www.pacificindustriesltd.com

E-mail: pilnorth@pacificgranites.com; pacificindustries@rediffmail.com **Website:** www.pacificindustriesltd.com

PROMOTERS OF THE COMPANY: MR. JAGDISH PRASAD AGARWAL, MRS. GEETA DEVI AGARWAL AND MR. KAPIL AGARWAL
FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

ISSUE OF UP TO [●] EQUITY SHARES WITH A FACE VALUE OF Rs. 10 EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING PREMIUM OF Rs. [●] PER EQUITY SHARE) ("RIGHTS EQUITY SHARE") FOR AN AMOUNT AGGREGATING UPTO 2500 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF PACIFIC INDUSTRIES LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) (I.E., [●]) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2018 (THE "ISSUE").

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF Rs. 10/- EACH.

FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 187 OF THIS DRAFT LETTER OF OFFER

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer.

Investors are advised to refer to the "Risk Factors" on page 16 this Draft Letter of Offer before making an investment in the Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer 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 Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing equity shares of our Company are listed on BSE Ltd. ("BSE"). We have received "in-principle" approval from BSE for listing the equity shares arising from the Issue vide its letter dated [●]. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 IndiaNivesh <small>TRUST, WE EARN IT</small> IndiaNivesh Corporate Finance Private Limited 1706, 17th Floor, Lodha Supremus, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013 Tel: +91-22- 62406240 Fax: +91-22- 62046241 E-mail: incfpl@indianivesh.in Website: www.indianivesh.in Contact Person: Mr. Jinesh Doshi CIN No.: U67190MH2016PTC287247 SEBI Registration No.: INM000012403	 LINK INTIME INDIA PRIVATE LIMITED C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186270 Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Investor grievance email: rnt.helpdesk@linkintime.co.in Contact Person: Mr. Jitendra Ranade Website: www.linkintime.co.in CIN No.: U67190MH1999PTC118368 SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[●]	[●]	[●]

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SECTION 1: GENERAL DEFINITIONS AND ABBREVIATIONS

Definitions

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Pacific Industries Limited”, “Pacific”, the/our “Company”, “we”, “our”, “us” or similar terms are to Pacific Industries Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares of Pacific Industries Limited

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Additional Rights Shares	The Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used compulsorily by QIB and those investors who have applied for Equity Shares for a cumulative amount of more than Rs. 2 lakhs and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: <ul style="list-style-type: none"> (a) Who are holding our Equity Shares in dematerialised form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialised form; (b) Who have not renounced their Rights Entitlements in full or in part; (c) Who are not Renouncees; and (d) Who are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs and other Investors whose application value exceeds Rs. 2 lakhs complying with the above conditions may participate in this Issue through the ASBA process Only
Bankers to the Company	HDFC Bank Limited, Bank of Baroda, ICICI Bank, Indian Bank, State Bank of India and Corporation Bank
Bankers to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue and for application by Renouncees
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio

Term	Description
Designated Stock Exchange	BSE Limited
Draft Letter of Offer/DLOF	The Draft Letter of Offer dated March 5, 2019 filed with SEBI for its observations.
Designated Branch of the SCSBs	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yeslink
Eligible Equity Shareholder(s)	Holder(s) of Equity Shares as on the Record Date
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of Rs. 10 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of Rs.10 each at a premium of Rs.[●] per Equity Share for an amount aggregating up to Rs. 2500 lakhs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) (i.e., [●]) held by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares.
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	Rs. [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating up to Rs. 2500 lakhs
Lead Manager/ LM	IndiaNivesh Corporate Finance Private Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchange after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Net issue proceeds / Net proceeds	Issue proceeds less issue expenses
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than Rs. 2 lakhs

Term	Description
Promoters	The Promoters of our Company being Mr. Jagdish Prasad Agarwal, Mrs. Geeta Devi Agarwal and Mr. Kapil Agarwal.
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchange from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations, 2018.
Record Date	[●]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/RoC	Unless specified otherwise, Registrar of Companies, Karnataka at Bangalore
Registrar to the Issue	Link Intime India Private Limited
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than Rs. 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in
Working Days	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Udaipur are open for business.

Conventional and general terms/Abbreviations/ Company related and Industry related terms

Term	Description
“Pacific Industries Limited” or “Pacific” or “the Company”, or “the Resulting Company”, or “our Company”	Pacific Industries Limited, a public limited company incorporated under the provisions of the CA 1956, as amended, and having its registered office at Survey No.13, N.H.48, Kempalinganhalli, Nelamangala Taluka Bangalore KA 562123 and having its corporate office at Village Sapetia, Brahmano Ka Guda, Bedla Udaipur 313004 Rajasthan
“We” or “us” or “our”	Unless the context otherwise indicates or implies, refers to Pacific Industries Limited
AGM	Annual General Meeting
Articles or Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor	The statutory auditors of our Company i.e., M/s. Ravi Sharma & Co.
Board or Board of Directors	Board of directors of our Company

Term	Description
BSE	BSE Limited
CA 1956	The Companies Act, 1956, as applicable
CA 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs and in force as on the date of this Draft Letter of Offer read with made Thereunder
CAGR	Compounded Annual Growth Rate
Capital or Share capital	Share capital of our Company
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CNC	Computer Numeric Control
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
CPC	Central Processing Centre
CrPC	Criminal Procedure Code
CIT (A)	Commissioner of Income Tax
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996 and amendments thereto
DIN	Director Identification Number
Director	Director of our Company, unless otherwise specified otherwise
DP or Depository Participant	Depository Participant as defined under the Depositories Act, 1996
EGM	Extra-ordinary General Meeting
EPS	Earnings Per Share
EBIT	Earnings before Interest and Tax
Equity Shareholder/ Shareholder	A holder of the Equity Shares of our company
Equity Shares	Fully paid-up equity shares of the Company of face value Rs. 10/- each
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
FPI	Foreign Portfolio Investor
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GSM	Graded Surveillance Measure
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICD	Inter Corporate Deposits
ICL	Inter Corporate Loans
IFRS	International Financial Reporting Standards

Term	Description
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015.
Indian GAAP	Generally Accepted Accounting Principles In India
IT Act	The Income Tax Act, 1961 and amendments thereto
Memorandum or Memorandum of Association or MOA	Memorandum of Association of our Company, as amended from time to time
NAV	Net Asset Value per share
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
RBI	Reserve Bank of India
Record Date	[●]
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956 and amendments thereto
SCRR	Securities Contracts (Regulation) Rules, 1957 and amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI (LODR), 2015	SEBI (Listing Obligations and Disclosure Requirements), 2015
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Stock Exchange	BSE
STT	Securities Transaction Tax
Takeover Code/ Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
TP Act	The Transfer of Property Act, 1882
United States or US	United States of America

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Statement of Tax Benefits", "Outstanding Litigations and Defaults" and "Financial Information" on pages 61, 168 and 73, respectively, shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs may come are required to inform them about and observe such restrictions. Our Company is making this Issue of the Rights Equity Shares on a rights basis to the Equity Shareholders as on Record Date and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders, who have not updated our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under such circumstances, the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs should not, in connection with the issue of the Rights Equity Shares or Rights Entitlements, distribute or send the same in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that she/he is authorised to acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in her/his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

THE CONTENTS OF THE DRAFT LETTER OF OFFER, LETTER OF OFFER, ABRIDGED LETTER OF OFFER, CAFS AND SAFS SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER OF EQUITY SHARES. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED

MATTERS CONCERNING THE OFFER OF THE RIGHTS EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE RIGHTS EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (“United States” or “U.S.”), or to, or for the account or benefit of “U.S. persons” (as defined in Regulation S of the Securities Act), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer/Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Rights Entitlements may not be transferred or sold to any person in the United States.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION, MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Financial Statements of our Company as of and for the financial years ended March 31, 2018, March 31, 2017 and nine (9) months period ended December 31, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015.

In this Draft Letter of Offer, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals has been rounded off and accordingly there may be consequential changes in the Draft Letter of Offer.

Our Company's financial year commences on April 01 and ends on March 31 of each year, so all references to a particular financial year, unless stated otherwise, are to the twelve months period ended on March 31 of that year.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled "Risk Factors" on page 16 of this Draft Letter of Offer have been calculated on the basis of the Financial Statement of our Company prepared in accordance with Ind AS and the CA 2013.

Currency and Units of Presentation

All references to "Rupees", "Rs.", "INR", "₹" are to Indian Rupees, the official currency of the Republic of India. All references to "USD", or "US\$" or "\$" are to United States Dollar, the official currency of United States of America. In this Draft Letter of Offer all references to "lac(s)" or "lakh(s)" are used interchangeably.

Please Note:

One million is equal to 1,000,000/10 lakhs;

One billion is equal to 1,000 million/100 crores;

One lakh is equal to 100 thousand;

One crore is equal to 10 million/100 lakhs

FORWARD LOOKING STATEMENTS

This Draft Letter of Offer includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions;
- Changes in political and social conditions in India and also in other countries with whom the company has direct business relevance;
- The outcome of legal or regulatory proceedings that we are or might become involved in ;
- Contingent liabilities, environmental problems and uninsured losses;
- Increasing competition in the industry;
- Strikes or work stoppages by our employees;
- Accidents and natural disasters;
- Loss of or shut down of operations at our manufacturing facility;
- Volatility in the supply or price of raw materials;
- Failure to respond to the technological advances;
- Failure to safeguard the reputation of our brand or failure to enhance our brand recognition;
- Downfall in the industry
- Developments affecting the Indian economy
- Changes in laws and regulations that apply to the industry;
- Uncertainty in global financial markets;

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 16 of this Draft Letter of Offer. 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. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors 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 SEBI and Stock Exchange’ requirements, our Company and Lead Manager shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II

LETTER OF OFFER SUMMARY

Our Company is primarily engaged in production and export of Polished Granite Slabs, cut-to-size polished granite tiles and polished natural stones. Our Company was established as a 100% export oriented unit and today we are one of the leading quarry owners and processors of natural stones. With products like slabs, tiles, cut to size, we are enjoying our presence in over 40 countries. With our two processing units each at Bangalore and Udaipur we make sure that our customers have access to all the Indian colours at attractive prices.

We make sustainable efforts to provide elegant and durable varieties of stones across the world. We are working with a professional team who establishes and maintain to deliver the highest-quality products and warmest customer service. Keeping innovation in mind we have processed innovative materials and finishes based on the most fierce market competition.

Objects of the Issue:

The proposed utilization of Issue Proceeds is set forth below: (Rs. in Lakhs)

Particulars	Total estimated amount / cost
Repayment of loans availed from the related party	2500

Our Company has availed the unsecured loan from one of the Related Party for an amount of Rs.2,500 lakhs for the purpose of deployment of the funds in New Quartz project.

The principle terms of the loan are as under; (Rs. in Lakhs)

Sr. No.	Particulars	
1.	Name of the Lender	Biswas Solar Instrument Private Limited
2.	Amount of Loan	Rs.2,500 Lakhs*
3.	Tenure	3 years
4.	Nature of Loan	Unsecured Inter-corporate Loan
5.	Rate of Interest	9% p.a.

* The total loan availed from Biswas Solar Instrument Private Limited is Rs. 3851.59 lakhs however Rs.2,500 lakhs have been availed and deployed specifically for the purpose of new Quartz project.

Total Cost of the New Quartz project*

Sr. No.	Particulars	Amount (Rs. in lakhs)
1.	Land	267.30
2.	Building, Construction & Site Development	1,265.42
3.	Imported Machinery	3,368.81
4.	Indigenous Machinery & Misc. Fixed Assets	500.00
5.	Provision for Contingencies	107.00
6.	Preliminary & Preoperative expenses	61.94
7.	Interest during project commissioning period	95.00
	TOTAL	5,665.47

* As per Management Estimates

Means of Finance for the Project
(Rs. in Lakhs)

Sr. No.	Particulars	Amount
1.	Proceeds from the Issue (loan already obtained to be repaid from the proceeds of the Issue)	Upto 2,500
2.	Secured Loans from Bank	3,000
3.	Internal Accruals*	165.47

* Any increase in project cost shall be met out of surplus available with the company or increased internal accruals

Intention and extent of participation by our Promoter(s) and Promoter Group in the Issue

Our Promoter(s) and entities forming part of our Promoter Group have, vide their letters dated February 27, 2019 (the 'Subscription Letters') indicated their intention to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the Takeover Regulations and the applicable law. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10(4)(b) of the Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Financial Information

The following table sets forth summary financial information derived from the Consolidated Audited Financial Statements, prepared in accordance with the Accounting Standards prescribed under Companies Act, 2013 as of and for the Financial Year ended March 31, 2018 (Ind AS) and March 31, 2017 (Ind AS) and the Unaudited Standalone Financial Results for the nine months period ended December 31, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015.

(Rs. in lakhs)

Particulars	For the nine month ended December 31, 2018 (Ind AS) Standalone	For the Fiscal Year (Consolidated)	
		2018 (Ind AS)	2017 (Ind AS)
Share Capital	135.15	135.15	135.15
Net Worth	6445.19	31495.62	31517.88
Total Income	7007.67	7425.16	10270.40
Profit / (loss) after tax	98.78	35.22	52.95
Basic and Diluted EPS (in Rs.)	7.31	2.61	3.92
Net asset value per share (in Rs.)	477.07	2330.42	2332.07
Total borrowings	7011.54	4020.49	3606.82

*Not Annualized

Notes:

- The Financial Statements for the year ended March 31, 2018 have been audited by the current Statutory Auditors Ravi Sharma & Co, Chartered Accountants.

2. The Financial Statements for the year ended March 31, 2017 have been audited by the erstwhile Statutory Auditor of the Company M/s A. Bafna & Co., Chartered Accountants.
3. The Consolidated Financial Statements for the Fiscal 2016 are not provided since the Company has acquired its subsidiaries in the F.Y. 2016-17 and the Fiscal 2017 was the first year of Consolidation.

Auditor Qualifications:

There are two Qualifications (Qualified Opinion) by Statutory Auditor in the audited financial statements for Fiscals 2018, 2017, 2016

1. Confirmation and reconciliation of various Debit and Credit balances appearing under various heads; and
2. Non-provision of exchange fluctuation w.r.t. certain old balances.

The above qualified opinion made by our Auditor does not require any adjustments to the audited financial statements for Fiscals 2018, 2017, 2016 and the Unaudited Financial Results for the nine months period ended December 31, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015.

Outstanding Litigations

A summary of outstanding litigation proceedings pertaining to our Company as on the date of this Draft Letter of Offer is provided below. For details of the material outstanding litigation proceedings including (i) criminal proceedings; (ii) material civil proceedings; (iii) actions taken by statutory or regulatory authorities; and (iv) claims related to direct taxes, please see "Outstanding Litigations and Defaults" on page 168.

Sr. No.	Outstanding Litigations	Number of Matters	Financial implications to the extent quantifiable (Rs. in lakhs)
1.	Filed against our Company		
	Civil Law	1	Unascertainable
	Labour Law	1	Unascertainable
	Indirect Tax	1	2,76,580/-
	Total	3	2,76,580/-
2.	Filed by our Company		
	Civil Law	3	Unascertainable
	Direct Tax	2	4,62,77,570/-
	Indirect Tax	9	2,42,04,411/- (Not ascertainable w.r.t. one (1) case)
	Total	14	7,04,81,981/-

The amounts mentioned above may be subject to additional Interest/ penalties being levied by the concerned authorities for delay in making payment or otherwise. The amount of interest/ penalties that may be levied is un-ascertainable as on date of this Draft Letter of Offer. For further details regarding these legal proceedings, please refer to chapter titled 'Outstanding Litigations and Defaults' on page 168 of this Draft Letter of Offer.

Risk Factors

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please see "Risk Factors" on page 16.

Contingent Liabilities

As of March 31, 2018, we have certain contingent liabilities that had not been provided for, as per Ind AS 37. Details of the same are as under:

Sr. No.	Particulars
	Contingent liabilities:(Claims against the Company not acknowledged as debt)
1.	Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise act against which the company has filed an appeal.
2.	Service Tax refund claim rejection of Rs 11.02 lacs against which the company is persuing the matter with concerned department.
3.	The company has a total demand of Rs. 15.21 lacs for Entry Tax out of which the company has deposited Rs. 7.60 Lacs under protest. For rest of the amount of Rs 7.61 Lacs the company is perusing the matter with concerned department.
4.	The company has a total demand of Rs. 43.89 lacs from Sales Tax Department against which the company has deposited Rs.21.95 Lacs under protest. For rest of the amount of Rs 21.95 Lacs the company is perusing the matter with concerned department.
5.	Demand Raised by the Central Excise Commissionerate of Rs.1.11 Crores against which Rs.55.96 Lacs is deposited by the Company. The Said Matter has been taken to the High Court and the petition is still pending.
6.	Demand Raised by the Central Excise Commissionerate of Rs.58.66 Lacs against which Rs.4.40 Lacs is deposited by the company against which the company has filed an appeal.
7.	The company has a total demand of Rs.78.39 lacs of Custom Duty out of which the company has deposited Rs.5.88 Lacs under protest against which the company has filed an appeal.
8.	The company has a total demand of Rs.1095.52 Lacs (555.14 Lacs for the AY 15-16, 255.02 Lacs for AY 14-15 & 285.35 Lacs for AY 11-12) for which company has filed an appeal before CIT (Appeal) and CIT (Appeal) has given the relief by the order passed by him. The Income Tax Department has filed an appeal before ITAT against the order of CIT (Appeal). The company has deposited Rs.28.50 Lacs under protest for the aforesaid matter.
	Other Contingent Liabilities
1.	Show cause notice received from excise authorities of Rs.1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.
2.	Show Cause notice received from excise authorities of Rs.4.94 crore in respect of custom duty under the provision of Customs Act, 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

Please see the section “Financial Statements” on page 73 for more information.

Related Party Transactions

For details of related party transactions of our Company, as per the requirements under Ind AS 24 ‘Related Party Disclosures’ for FY ending March 31, 2018 please see “Financial Statements” on page 73 of this Draft Letter of Offer.

Financing Arrangements

There have been no 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 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 Letter of Offer.

Issuance of Equity Shares for Consideration other than cash

Our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing of this Draft Letter of Offer.

SECTION III

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risk set out in this Draft Letter of Offer may not be exhaustive and additional risk and uncertainties not presently known to us, or which may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occurs, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to regulatory environment that may differ significantly from one jurisdiction to another. In making an investment decision, prospective investors must rely on their own examinations of our Company the terms of this Issue, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in this Issue.

For further details, please refer the section titled “Financial Information “ beginning on page 73 of this Draft Letter of Offer, as well as the other financial and statistical information contained in this Draft Letter of Offer.

This Draft Letter of Offer also contains forward-looking statements which 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 Letter of Offer. For further details, please refer the chapter titled “Forward-Looking Statements “ beginning on page 11 of this Draft Letter of Offer.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Financial Statements

MATERIALITY

The Risk Factors contained herein have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- i. Some events may not be material individually but may be found material collectively.
- ii. Some risks may have an impact which is qualitative though not quantitative.
- iii. Some risks may not be material at the time of making the disclosures in this Draft Letter of Offer but may have a material impact in the future.

INTERNAL RISK FACTORS

1. Our Company is a party to certain litigations, the outcome of which could adversely affect our business operations and financial condition.

Our Company is party to certain legal proceedings and claims in relation to certain civil, and tax matters incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. A summary of such proceedings is set forth below.

Cases Pending Against our Company:

Category	Type of Cases	Number of Matters	Financial implications to the extent quantifiable (Rs. in lakhs)
Civil	Details pending	1	Unascertainable
Labour	Session Court - Case filed by an ex-employee on grounds of wilful damage and harassment	1	Unascertainable

Cases filed by our Company:

Category	Type of Cases	Number of Matters	Financial implications to the extent quantifiable (Rs. in lakhs)
Civil	Appeal/Petitions	3	Unascertainable

Litigation involving Tax Liabilities

Category	Type of Cases	Number of Matters	Financial implications to the extent quantifiable (Rs. in lakhs)
Direct Tax	Rectification request filed before Assessing officer	2	462.77
Indirect Tax	Appeals before High court/Demands/	10	465.54 (Not ascertainable w.r.t. one (1) case)

Potential Litigations against the Company

The Income Tax Department had gone in appeal before the Hon'ble Income Tax Appellate Tribunal, Jodhpur Bench, Jodhpur, Rajasthan ("ITAT") against the order of Commissioner of Income Tax (Appeals) ("CIT(A)") passed in the name of the Company pertaining to A.Y. 2011-12, 2014-15 and 2015-16. ITAT has adjudicated the matter in favor of the Company *vide* its order dated 18.01.2019. The Income Tax Department may challenge the said order of ITAT before the Hon'ble High Court. Following are the details of demand amount involved:

Assessment Year	Date of Assessment Order	Demand amount in dispute (Rs.)
2011-12	31.12.2017	2,85,35,440/-
2014-15	31.12.2017	2,55,02,510/-
2015-16	31.12.2017	55,14,091/-
	Total	5,95,52,041/-

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. Such proceedings could divert management's time and attention, and consume financial resources in their defence or prosecution. Should any new developments arise or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and liabilities. An adverse outcome in any such proceedings may affect our business, results of operations and financial condition.

For further details regarding these legal proceedings, please refer to chapter titled 'Outstanding Litigations and Defaults' on page 168 of this Draft Letter of Offer.

2. Our Directors and Promoters are party to certain litigations, the outcome of which could adversely affect the reputation of the Company

Notices & Appeals pending before Tax authorities

Category	Type of Cases	Number of Matters	Financial implications to the extent quantifiable (Rs. in lakhs)
1. Jagdish Prasad Agarwal			
Income Tax	Income Tax Settlement Commission	1	Nil
2. Kapil Agarwal			
Income Tax	Writ petition Appeals before CIT (A)	1 1	Nil 611.78
3. Geeta Devi Agarwal			
Income Tax	Rectification Application filed Appeals before CIT (A)	1 1	4.90 438.22

These proceedings are pending at different levels before various courts. There can be no assurance that these cases may be decided in favour of our Directors and Promoters or that no further liability will arise out of these proceedings. And consequently it may divert the attention of our Directors and Promoters and waste our corporate resources. If such claims are decided against our promoters it may suffer damage to our reputation, business which would adversely affect the trading price of our equity shares.

For further details regarding these legal proceedings, please refer to chapter titled 'Outstanding Litigations and Defaults' on page 168 of this Draft Letter of Offer

3. Our Company had voluntarily applied to the Board for Industrial and Financial Reconstruction (BIFR) for being categorised as sick on 16.02.2000 which got rejected and then once again applied on 22.02.2002.

Our Company's product suffered demand recession as such consumption of marble and granite had reduced which ultimately affected the Company's capacity utilisation. Additionally, the long term loans from IFCI and IDBI as well as from other financial companies were having high finance cost compared to the borrowings by other competitors and this also resulted into financial stress on the Company. Also, our Company has acquired certain mining areas to overcome the dependence over raw material on other mining companies and incurred heavy cost. However, our Company could not generate expected yield and the expenditure on acquiring mining area costed financials of the Company and consequently applied to BIFR on 16.02.2000 which got rejected and then the Company had once again made an application on 22.02.2002.

Subsequently, the financial performance of our Company improved and with that result, our Company came out of the distress and One Time Settlement was done with the Banks and application to BIFR was withdrawn vide letter dated March 2, 2005. However, we cannot provide any assurance that our Company may maintain profits in future and such instances will not arise at all.

4. We have certain contingent liabilities, and our cash flows, financial conditions and profitability may be adversely affected if any of these contingent liabilities materialise.

As of March 31, 2018, we have certain contingent liabilities that have not been provided for, as per Ind AS 37, details of the same are as under:

Sr. No.	Particulars
	Contingent liabilities: (Claims against the Company not acknowledged as debt)
1.	Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise act against which the company has filed an appeal.
2.	Service Tax refund claim rejection of Rs 11.02 lacs against which the company is persuing the matter with concerned department.
3.	The company has a total demand of Rs. 15.21 lacs for Entry Tax out of which the company has deposited Rs. 7.60 Lacs under protest. For rest of the amount of Rs 7.61 Lacs the company is perusing the matter with concerned department.
4.	The company has a total demand of Rs. 43.89 lacs from Sales Tax Department against which the company has deposited Rs.21.95 Lacs under protest. For rest of the amount of Rs 21.95 Lacs the company is perusing the matter with concerned department.
5.	Demand Raised by the Central Excise Commissionerate of Rs.1.11 Crores against which Rs.55.96 Lacs is deposited by the Company. The Said Matter has been taken to the High Court and the petition is still pending.
6.	Demand Raised by the Central Excise Commissionerate of Rs.58.66 Lacs against which Rs.4.40 Lacs is deposited by the company against which the company has filed an appeal.
7.	The company has a total demand of Rs.78.39 lacs of Custom Duty out of which the company has deposited Rs.5.88 Lacs under protest against which the company has filed an appeal.
8.	The company has a total demand of Rs.1095.52 Lacs (555.14 Lacs for the AY 15-16, 255.02 Lacs for AY 14-15 & 285.35 Lacs for AY 11-12) for which company has filed an appeal before CIT (Appeal) and CIT (Appeal) has given the relief by the order passed by him. The Income Tax Department has filed an appeal before ITAT against the order of CIT (Appeal). The company has deposited Rs.28.50 Lacs under protest for the aforesaid matter.

	Other Contingent Liabilities
1.	Show cause notice received from excise authorities of Rs. 1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.
2.	Show Cause notice received from excise authorities of Rs. 4.94 crore in respect of custom duty under the provision of Customs Act, 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, financial condition and results of operations. For further information on our contingent liabilities, see “Financial Information - Note 39” on page 111 and 152.

5. As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES.

As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES. But there is no assurance that in future the Company will be able to resolve each and every investor complaint received on SCORES. For detailed information of the no. of Investor Complaints received and resolved by the Company, kindly refer to page No. 185.

6. We are unable to trace certain corporate records pertaining to the build-up of Equity Shares and are unable to trace certain secretarial records pertaining to past years. We cannot assure you that our Company will not be subjected to any liability on account of such discrepancies.

We manage our internal compliance by monitoring and evaluating internal controls, and ensuring all applicable statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. Our Company is unable to trace certain secretarial forms. While our Company believes that the secretarial forms were duly filed, and submitted to ROC. We have been unable to locate copies of these documents in our records or obtain copies of the same from the appropriate authorities. We cannot assure you that these documents will be available in the future or that we will not be subject to any penalties imposed by the competent authority in connection with these documents. As we continue to grow, there can be no assurance that such deficiencies in our internal controls will not arise, giving rise to recurrences of such discrepancies / errors that could subject our Company to the applicable consequences under the Companies Act, which could adversely affect our business and reputation.

7. Our Company was suspended by BSE Limited on 07.01.2002 and the suspension was revoked on May 25, 2009

Our Company was suspended from trading on BSE Limited vide notice dated 04.02.2002 due to Non Compliance of Listing Agreement Clause No. 38 for payment of Annual Listing Fees to the Stock Exchange. The Company had paid Rs 2,80,000 for revocation of suspension and the suspension was revoked vide Notice dated May 19, 2009. We cannot assure that the Company shall not be suspended in future for any such non compliances with the SEBI (LODR), 2015 erstwhile Listing Agreement.

8. Our Company is 100% Export Oriented Undertaking (EOU) and substantial part of our revenue is generated from exports. The varying duties imposed by the export destination countries and/or our inability to sustain current levels of export business may adversely affect our business, results of operations and financial condition.

Out of the total sales of Rs. 6109.81 Lakh for FY 2017-18, the total export sales are Rs.4,793.26 Lakh which constitutes 78.45% of total sales for FY 2017-18. However, there is no assurance that we will be able to sustain or grow our current levels of exports in the future. Also, the destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such destination countries will not increase. Any change or increase in such duties may adversely affect our business, results of operations and financial condition. Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements may place us at a competitive disadvantage compared to manufacturers in other countries and may adversely affect our business, results of operations and financial condition. Further, adverse changes in import policies in countries to which we export our products may also impact our export business. In the event that we are unable to sustain the current levels of export business, it may adversely affect our business, results of operations and financial condition.

9. Our export revenues are concentrated in the U.S., European Union, Middle east, Vietnam , Indonesia etc and Economic slowdown, adverse geopolitical factors and other factors that affect these regions may in turn affect our business.

We rely significantly on the export of our products to the U.S., European Union, Middle east, Vietnam , Indonesia etc as we are 100% Export Oriented Undertaking and demand for Granite and Marbles is huge in U.S. and Europeans Countries. Accordingly, we are particularly prone to the overall health of the economy as well as any geopolitical factors and other factors in the U.S., European Union, Middle east, Vietnam , Indonesia etc. The market in these regions may be affected by a number of factors outside our control, including local and economic conditions, changes in demand and supply for products comparable to those that we develop, and changes in

Government regulations. A slowdown could adversely affect our business and results of operations including our ability to implement our strategy.

10. Our Company has a geographical disadvantage due to non-proximity to ports and thereby reduces our cost competitiveness.

We are operating our business from our Existing Facilities located at Udaipur, Rajasthan. As Udaipur is located in the northern region of India, it does not have any proximity to ports. Therefore, our Company has to rely on ports located near cities such as Mundra, Gujarat for export of our finished goods. Due to this, our Company lead-time of exports from India ranges from 3 days to 10 days. This might make our Company less competitive as compared to other competitors who are geographically placed near to ports.

We are operating our business from our Existing Facilities located at Bangalore, Karnataka. As Bangalore is located in the southern region of India, it does not have any proximity to ports. Therefore, our Company has to rely on ports located near cities such as Krishnapattam, Chennai for export of our finished goods. Due to this, our Company lead-time of exports from India ranges from 3 days to 10 days. This might make our Company less competitive as compared to other competitors who are geographically placed near to ports.

11. Failure to comply with export obligation may expose us to significant import duties and other penalties in existing business of Marbles and Granites.

Our company is a 100% Export Oriented Undertaking (EOU). In 100% EOU Units the company can import Input material and Capital goods without payment of Custom Duty and IGST. Therefore, that by registering these units in 100% EOU, Company is importing its Input materials and capital goods duty-free under the 100% EOU scheme of Government of India under the Foreign Trade policy (FTP) 2015-2020, we are obliged to make the exports. Further, we may also be subject to the penal provisions of the same policy. If we do not fulfil the export obligations we might be subject to liabilities.

12. We are subject to risks arising from exchange rate fluctuations, which could adversely affect the financial results of our Company.

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between INR and other currencies. The exchange rate between INR and other currencies are variable and may continue to remain volatile in the future depending upon the foreign exchange reserve position of India. Fluctuations in the exchange rates may have a serious impact on the revenues from our export business as a significant portion of our revenue comes from exports. Any appreciation of the INR against other currencies may lead to reduction in the realization of our revenues. Accordingly, volatility in the exchange rate would adversely affect the financial results of our Company.

13. Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect the financial results of our Company.

As on December 31, 2018, our Company has outstanding long term borrowings of Rs. 5620.69 Lakhs (including current maturity amount) as well as working capital borrowings of Rs. 1390.85 Lakh from HDFC Bank Limited and vehicle loan outstanding of Rs. 217.51 lakhs from Axis Bank Limited. Any increase in the interest rates could significantly raise the costs of borrowing adversely affecting the financial results of our Company.

14. Our Company has availed unsecured loans from our Directors, Promoters, their relatives and inter corporate loan that is repayable on demand, which if recalled may have an adverse effect on our business, prospects, the result of our business operations and financial condition.

Our Company has availed unsecured loans aggregating to Rs. 5210.33 Lakh, as of December 31, 2018, from our Directors, Promoters, their relatives and inter corporate loan that is repayable on demand, which if recalled may have an adverse effect on our business, prospects, the result of our business operations and financial condition. In the event that such loans are recalled by-any of our Directors or other lenders, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all. Such a scenario may adversely affect our business, prospects, the result of our business operations and financial condition. For further details please refer the section titled “Financial Information” beginning on page 73 of this Draft Letter of Offer.

15. The indebtedness and the conditions and restrictions imposed by the financing arrangements entered into by our Company could adversely affect our business, prospects, results of operations and financial condition.

Some of the financing agreements entered into by our Company with our lenders contain certain restrictive covenants such as:

- Fresh Collateral of Rs 11 Cr in the form of land to be Mortgaged upfront before the release of LC Limit/Term Loan.
- Building Cost of Rs 10 Cr will be added in collateral once the project is in operation. Fresh Valuation will be done and updated in records for building value.
- Hypothecation of Solar Power Plant ~Rs 5 Cr
- DSRA of Rs 5 Cr to be maintained (to be taken at time of LC Issuance) Margin of 15% On LC.
- Standard process as per Trade to be followed for LC and PSR facilities
- Initially Capex LC of Rs 25 Cr to be issued with the tenor of 120 days including usance
- LC to be rolled over to term loan, with tenor of 5.5 years including 6 months moratorium period
- CA certificate to be available on record to note the promoter's contribution before the disbursement of balance Rs 5 Cr of the Term Loan
- CA Certificate to be submitted on quarterly basis to understand the total capex incurred in the quarter until the completion of the entire capex.
- Engineer/Architecture's certificate confirming the project is complete to be taken by May/June 2019.
- The said funding is subject to the total project cost considered at ~Rs 57 Cr, with promoter's contribution being ~47% and Bank's contribution being 53%.
- Any cost overrun to be funded by the promoter.
- Any deviation/change in imported machinery owing to MTM is to be funded by the Company.
- EPC/PCFC facility to be disbursed post the successful implementation of the project and commencement of commercial operation in Artificial quartz slab.
- Term Loan tenor to be 5 years with 6 months moratorium. Principal repayment on monthly basis.
- If there is more than 10% deviation in the projected financial in 2019-20, or there is substantial time overrun, then the facility needs to be re-assessed

There can be no assurance that our Company will be able to comply with the above covenants or other covenants contained in the financing agreements or that we will be able to obtain the consents necessary to take the actions that we believe are required to operate and grow the business of our Company. 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 business, prospects, results of operations and financial condition.

16. We are yet to obtain approvals for conversion of land into Industrial Land from concerned regulatory authority and certain other consents and acknowledgements from various regulatory authorities in relation to setting up of new Quartz Project. If there are delays or cost overruns in securing the requisite consents, it would have an adverse effect on our business, financial condition, results of operations and growth prospects.

Part of the land which is acquired by our Company is non industrial land and application for its conversion has already been made. In case the land conversion is not approved or is getting delayed, there may be cost overrun and it will impact on the overall financials of the Company since it has made significant progress in setup of proposed Quartz Project.

17. Our Company has created a charge on the immovable properties to secure the interest of the lenders.

For the purpose of securing the Term Loan availed by our Company, an equitable mortgage over the Existing Facilities situated at Khasra No. 1958, 1959, 1962, 2490/1963 Rev. Village Bedla, Udaipur as well as the new facility located at the Kh no 1943, 2491/1963, 2492/1963 Gram Bedla, Udaipur and Arajji no. 1953,2494/1963,2495/1952 Gram Bedla , Udaipur has been created, and a charge has been created over the future fixed assets of our Company.

In the event of any default in the repayment of the loans in accordance with the terms of the financing agreements or any non-compliance with or non-performance of any covenant of the financing agreements by our Company, the lenders may invoke the charge and may take interest in the said property in accordance with the financing agreements. In such an event, our Company may lose the interest in the said property, which may disrupt the existing business of our Company.

18. Our Company has not obtained confirmations and not reconciled debit and credit balances appearing under sundry debtors, loans and advances, unsecured loans, sundry creditors and some old trade receivables and payables were taken at their book value without making necessary adjustments on account of foreign exchange fluctuation and the same has been noted by our independent auditor in the report on our Company's audited financial statements for the FY 2017-18.

Our Company has not obtained certain confirmations and not reconciled debit and credit balances appearing under sundry debtors, loans and advances, unsecured loans, sundry creditors as these are very old balances and they does not have any material effect on the company.

Further, some old trade receivables and payables were taken at their book value without making necessary adjustments on account of foreign exchange fluctuation and the same has been noted by our independent auditor in the report on our Company's audited financial statements for the FY 2017-18

19. Our Company has entered into transactions with related party and may continue to do so in the future, which may potentially involve conflicts of interests with the Equity Shareholders.

Our Company has entered into transactions with certain of its related parties. For details of related party transactions of our Company, as per the requirements under Ind AS 24 'Related Party Disclosures' for FY ending March 31, 2018 please see "Financial Statements" on page 73 of this Draft Letter of Offer'

While our Company believes that all such transactions have been conducted on the arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Further, it is likely that our Company will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

20. Our profitability and results of operations may be adversely affected in the event of increases in the price of raw materials, fuel costs, labour or other inputs, and our commitments to deliver our products to our clients / customers are dependent on adequate and timely supply of key raw materials for proposed Quartz Project.

The cost of raw materials, labour and other inputs constitutes a significant part of our total expenses. Our manufacturing operations require various raw materials. Our actual expense may vary substantially from our assumptions / projections for several reasons, including unanticipated increases in the cost of raw materials, fuel, labour or other inputs, unforeseen distribution conditions, including the inability of our Company or the distributor to obtain requisite approvals, resulting in delays and increased costs and suppliers', distributors' or subcontractors' failure to perform. Such variance in expenses may affect our business, results of operations and financial condition.

21. We do not currently have long term contracts or exclusive supply arrangements with any of our vendors, and any major disruption to the timely and adequate supplies of our raw materials or any deterioration in the quality of raw materials could adversely affect our business operations and financial condition may be adversely affected.

While we are not significantly dependent on any single supplier, we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. We are therefore dependent on adequate and timely deliveries by our suppliers of necessary raw materials as per satisfactory levels of quality. In the event of delay, inadequacy, default in deliveries by any of our vendors or deterioration in the quality of raw materials, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms. Furthermore, it is possible that some of our existing suppliers may choose to discontinue operations, or offer more viable terms or enter into exclusive arrangements with our competitors. A major disruption to the timely and adequate supplies of our raw materials or deterioration in the quality of raw materials could adversely affect our business, results of operations and financial condition.

22. We are heavily dependent on machinery for our operations. We have not entered into technical support service agreements for the maintenance and smooth functioning of our machineries. Any break-down of our machinery will have a significant impact on our business, prospects, results of operations and financial condition.

Our Existing Facilities as well as New Quartz Project are heavily dependent on plant and machinery. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Although our Company has accessibility to avail the technical support from the external experts and the machinery suppliers locally, any failure to quickly redress any technical issue, may increase our downtime which may affect our business, prospects, results of operations and financial condition. Further, while we believe that we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner or if we are unable to repair the malfunctioning machinery promptly, our manufacturing operations may be hampered which could have an adverse impact on our business, results of operations and financial condition.

23. Any delay in production at, or shutdown of our Existing Facilities as well as new Quartz Project could adversely affect our business, prospects, results of operations and financial condition.

Our Company's Existing Facilities are situated in Udaipur, Rajasthan as well as in Bangalore, Karnataka. New Quartz Project is also coming up in Udaipur, Rajasthan. Additionally, we propose to set up a New Quartz Project in Udaipur, Rajasthan in adjoining land parcel. If our Company experiences delays in production or shutdown at such facilities due to any reason, including natural disasters, disruptions caused by disputes with our workforce or due to our employees forming a trade union, or due to any natural disaster, our Company's operations will be significantly affected, which in turn would have a material effect on our business, prospects, results of operations and financial condition.

24. Our Company may be subject to industrial unrest, slowdowns and increased labour costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although the Company has not experienced any labour unrest, we cannot assure you that there will be no labour unrest in the future.

As at March 31, 2018, our Company had approximately 278 full-time employees. While our Company believes that it maintains good relationships with the employees and contractors, there can be no assurance that we will not experience disruptions to our operations in the future due to disputes or issues with our contractors or employees. In the event there are any unrest with labour unions and conflicts with the same, or if our Company experiences unrest or slowdowns, it may become difficult for our Company to maintain flexible labour policies, all of which may materially and adversely impact our business, prospects, results of operations and financial condition.

25. Our operations are subject to environmental, workers' health and safety and employee laws and regulations.

We have applied for renewal of air & water pollution control certificate for consent to establish. We have made, and will continue to make capital and other expenditure to comply with environmental, health and safety standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines.

Additionally, we cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant. Any accidents at our facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. The loss or shutdown of our operations over an extended period of time could have an adverse effect on our business and operations.

26. Our operations are subject to varied business risks and our insurance cover may prove inadequate to cover our economic losses.

Our operations are subject to various risks which may adversely affect revenue generation and profitability. While we believe that we have taken adequate safeguards to protect our assets from various risks inherent in our business, including by purchasing and maintaining relevant insurance cover, it is possible that our insurance cover may not provide adequate coverage in certain circumstances.

We maintain insurance including cover for building-superstructure, solar plant under standard fire & special perils policies. While we believe that we maintain sufficient insurance cover, certain types of losses may be either uninsurable or not economically viable to insure, such as losses due to acts of terrorism or war. Should an uninsured loss occur, we could lose our investment in, as well as anticipated profits and cash flows from the asset. In addition, even if any such loss is insured, there may be a significant deductible on any claim for recovery prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. Further, even in the case of an insured risk occurring there can be no assurance that we will be successful in claiming insurance in part or full, or the insurance purchased by us may be insufficient to cover the loss occasioned by the risk. Any loss that is not covered by insurance or for which we are unable to successfully claim insurance or which is in excess of the insurance cover could, in addition to damaging our reputation, have an adverse effect on our business, prospects, results of operations and financial condition. Further, an insurance claim once made could lead to an increase in our insurance premium.

27. If we fail to keep pace with advancements in technology in the existing Marble and Granite Industry as well as proposed Quartz Industry or respond to changes in market demand or client requirements, our business and financial condition could be adversely affected.

The marble and granite industry as well as proposed quartz industry is characterized by frequent advancements in technology. To meet our clients' needs as well as keep pace with our competitors, we regularly update existing technology and acquire or develop new technology for our manufacturing activities. In addition, rapid and frequent advancements in technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. Our failure to anticipate or to respond adequately to advancements in technology, changes in market demand or client requirements could adversely affect our business and financial condition.

28. If our Company is unable to respond effectively to competition, our business and financial condition may be adversely affected. We operate in a competitive business environment, both globally and domestically. If our Company is unable to respond effectively to competition, our business, prospects, results of operations and financial condition may be adversely affected.

We operate in a competitive business environment. The marble and granite as well as quartz industry in which our company is venturing into is constantly evolving, primarily due to factors such as but not limited to technological advances, regulations of both Governments and bilateral treaties and arrangements and consolidation of resources by industry players. Growing competition may subject us to pricing pressures and require us to reduce the prices of our products and services in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. Further, several of our competitors are larger international and national companies and have access to greater resources, wider geographical reach, broader product ranges or may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for us, due to our current scale of operations. Further, they may succeed in developing products that are more effective, more popular or cheaper than our products. Any of these factors may have a material adverse effect on our business, prospects, results of operations and financial condition.

29. We may not be able to correctly assess the demand for our products, which may adversely affect our business, prospects, results of operations and financial condition.

Our production and distribution processes require us to anticipate the demand for our products based on the feedback received from our own marketing personnel as well as our Customers. An accurate assessment of market demand requires significant investment in the creation of a sales and marketing network and training of marketing personnel whereas our Company is relying on the exiting set of cliental on overseas market. There is no guarantee that our estimate of market demand in India or in foreign countries will be accurate. In the event that we overestimate the demand for our products, we will have expended resources in manufacturing excess products, taxes on manufacture, insurance costs, storage and warehousing and other allied expenditures. In the event that we underestimate the market demand, we will have lost out on sales opportunities that our competitors will capitalise on and thereby increase their respective market shares. Any incorrect assessment of the demand for our products may adversely affect our business, prospects, results of operations and financial condition.

30. We are susceptible to volatility of prices of our products, including due to competitive products.

Prices of our products are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our profitability. Further, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future.

31. We may not be able to sustain effective implementation of our business of our New Quartz Project and the financing of such expansion, which may adversely affect our business, prospects, results of operations and financial condition.

Our plan for setting up a New Quartz Project as referred to in the chapter titled “Objects of the Issue” beginning on page 52 of this Draft Letter of Offer, contains estimated costs and implementation schedules. Our plans are subject to a number of contingencies, including changes in laws and regulations, Government action, delays in obtaining machinery and other supplies at quoted or at acceptable terms, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. We, therefore, cannot assure you that the costs incurred or time taken for implementation of these plans will not vary from our estimated parameters, which may in turn adversely impact our business and growth strategies, including our New Quartz Project.

32. We are heavily reliant on our Key Management Personnel and persons with technical expertise. Failure to retain or replace them will adversely affect our business, prospects, results of operations and financial condition.

In order to successfully manage and expand our business, we are dependent on the services of our Key Management Personnel, and our ability to attract, train, motivate and retain skilled employees, including operational heads and other professionals. In addition, our company requires personnel with requisite operational expertise. If we are unable to hire additional personnel or retain existing qualified personnel, in particular our Key Management Personnel and persons with requisite operational expertise, our operations and our ability to expand our business may be impaired. Further, we may be unable to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy existing resources successfully. Failure to hire or retain Key Management Personnel, professionals and skilled employees, having requisite experience, could adversely affect our business, prospects, results of operations and financial condition.

33. Our Company’s ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

Our Company has not declared and paid the dividend since last many years and the amount of future dividend payments, if any, will depend upon our Company’s future earnings, financial condition, cash flows, working capital requirements, the terms and conditions of our Company’s indebtedness and capital expenditures. There can be no assurance that our Company will be able to pay dividends in the future.

34. Under-utilisation of our proposed expansion may adversely impact our financial performance.

Our proposed expansion in new Quartz Project is based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or change in technology or non-acceptability of the product in the market for any other reason, our capacities may not be fully utilised thereby adversely impacting our financial performance.

35. We have placed orders for major Imported plant and machinery as pressline and polishing machinery as mentioned in the 'Objects of the Issue' on Page No.52. Any delay in receipt of delivery of such plant and machinery may result in time and cost overruns, and may affect our profitability.

Our Company had placed an order to acquire imported plant and machinery aggregating Rs. 3368.81 Lakhs (Euro 15.95 Lakhs and \$23.20 Lakhs) for our New Quartz Project. Our Company is further subject to risks on account of inflation in the price of plant and machinery.

Our Company has received quotations for indigenous plant and machinery as well as utilities and electricity, and the negotiations with the vendors have commenced. The details of quotations received appear under the section titled "Objects of the Issue" beginning on page 52 of this Draft Letter of Offer. The purchase of indigenous plant and machinery as well as utilities and electricity would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay or adversely impact the implementation of our New Quartz Project.

36. Failure to comply with export obligation may expose us to significant import duties on Machinery which are imported under EPCG (Export promotion of Capital goods) Scheme.

Our Company has placed an order for imported plant and machinery under Government's EPCG Scheme wherein there are complete waiver of customs duty on imported plant and machinery subject to condition that the Company shall export atleast six (6) times the duty saved (import custom duty) in six (6) years. If the said Export obligation is not met, there would be a liability of payment of such import custom duty along with interest and penalty, if any. We, therefore, cannot assure you that the export obligation as above shall meet by our Company for our New Quartz Project.

37. Accidents at proposed Quartz Project may lead to public liability consequences.

One of the material to be used in new Quartz Project is flammable material and though we take all possible steps to ensure adoption and compliance with high standards of safety and fire control at our proposed Quartz Project, we cannot assure you that these mechanisms will be adequate to contain safety risks that may arise in the future. Though we maintain cover for our facilities, in the event of an accident, we may be exposed to civil, tort and criminal liabilities.

38. The completion and operationalisation of our proposed new Quartz project is dependent on timely disbursements of funds from our lenders and any delay may adversely affect our plans.

Our Company has entered into agreements with HDFC Bank Limited for long term borrowings. The details of borrowing bifurcation appear under the section titled "Objects of the Issue" beginning on page 52 of this Draft Letter of Offer. The funds may not be disbursed timely as per disbursement schedule, or at all or any delay in timely disbursements of funds may result in incremental cost and delay in implementing and operationalisation of the proposed Quartz project.

39. The Objects of this Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the New Quartz Project is entirely at our discretion and the same will not be monitored by any external agency.

Our funding requirements, the funding plans and the deployment of the proceeds of the Issue are based on our management estimates and have not been appraised by any bank or financial institution. The deployment of funds for the Objects of the Issue is entirely at our own discretion and the same will not be monitored by any external agency. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. The estimates contained in this Draft Letter of Offer may exceed the value that would have been determined by third party appraisals, which may require us to reschedule the deployment of funds proposed by us and may have a bearing on our expected revenues and earnings.

The SEBI ICDR Regulations stipulates the appointment of monitoring agency only where the issue size is in excess of Rs.10,000 Lakh. Since the Issue is for less than 10,000 Lakh, we will not be appointing a monitoring agency and the deployment of Issue Proceeds as stated in the chapter titled “Objects of the Issue” beginning on page 52 of this Draft Letter of Offer will not be monitored by an independent agency.

40. Our Promoter and promoter group will continue to exercise significant control over our business and shall be in a position to direct corporate actions which may be allegedly detrimental to the interest of other shareholders.

Our Promoter and Promoter Group holds 44.04% of our equity share capital. As a result, they are in a position to continue to exercise significant control over our business and all matters requiring shareholder approval, including timing and distribution of dividends, election of officers and directors, our business strategy and policies, approval of significant corporate transactions such as mergers and business combinations and sale of assets. They have also jointly / severally undertaken to apply for Equity Shares in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that at least 90% of the Issue is subscribed. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Their control could approve or impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control even if such transaction is allegedly beneficial to other shareholders.

41. Demand for our Artificial Quartz Slab i.e. new Quartz Project is closely tied to the levels of residential and non-residential construction activity in India and outside India.

Demand for our Artificial Quartz Slab i.e. new Quartz Project is closely tied to the levels of residential and non-residential construction activity in India and outside India. Any reduction in the activity in one or both of these markets could have a material adverse effect on our business, results of operations and financial condition.

42. We face competition from substitutes for Artificial Quartz Slab i.e. new Quartz Project and if consumers’ preferences for any of these substitutes increases it could lead to a reduction in the demand for our product, which could have a material adverse effect on our business, financial condition and results of operations.

In addition to competition from players in the marbles and granite industry, we also face competition from substitutes for Artificial Quartz Slabs i.e. new Quartz Project from Italian Marbles. Increases in consumers’ preferences for the substitutes could lead to a reduction in the demand for our product, which could have a material adverse effect on our business, financial condition and results of operations.

43. Depreciation of the Rupee would adversely affect the estimated cost of plant and machinery which are imported. to be changed.

We have imported two major plant and machinery for the new Quartz Project.

First plant & machinery of Automatic production line for artificial Quartz slab is imported from Billion Vast Industrial Limited, Honkong and advance of 10% (232000 US\$ equivalent to Rs.167.36 lakhs) have already been remitted against import of this plant and machinery. The exchange rate at the time of remittance of advance was Rs. 72.14/\$ and the balance payment is required to be made 120 days from the date of Bill of Lending (BL) and any depreciation of Rupee at the time of making the payment shall adversely affect the estimated cost of plant and machinery.

Second Plant & machinery of polishing is imported from Breton SPA ,Italy and advance of 10% (159500 Euro equivalent to Rs.132.85 lakhs) have already been remitted against import of this plant and machinery. The exchange rate at the time of remittance of advance was Rs. 83.29/ Euro and the balance payment is required to be made 120 days from the date of Bill of Lending (BL) and any depreciation of Rupee at the time of making the payment shall adversely affect the estimated cost of plant and machinery.

Estimated cost of imported plant and machinery is Rs.3368.81 inclusive of Freight, Insurance, Installation and other expenses. The estimation for acquisition has already been made in the in the chapter titled “Objects of the Issue” beginning on page 52 of this Draft Letter of Offer. This has been considered the Exchange rate at Rs. 69/\$ and Rs. 81/Euro and any deprecation in rupee shall adversely affect the cost of the same.

44. Our Promoter, Mr. Jagdish Prasad Agarwal and Mr. Kapil Agarwal have provided personal guarantees for loan facilities obtained by our Company

Our Promoters, Mr. Jagdish Prasad Agarwal and Mr. Kapil Agarwal have personally guaranteed the repayment of certain loan facilities taken by our Company. Any default or failure by us to repay its loans in a timely manner, or at all could trigger repayment obligations on the part of our Promoters, Mr. Jagdish Prasad Agarwal and Mr. Kapil Agarwal in respect of such loans, which in turn, could have an impact on their respective ability to effectively service their obligations as Promoters and Directors of our Company, thereby having an adverse effect on our business, results of operation and financial condition. Furthermore, in the event that these individual withdraw or terminate their guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

45. A material disruption at one or more of our Plants could have a material adverse effect on our business, results of operations and financial condition.

We currently own and operate two plants and propose to set up one new Quartz plant. Our plants could unexpectedly stop operating because of events unrelated to us or beyond our control, including fires, floods and other natural disasters, utility and shortages of raw materials, and acts of war or terrorism. We have not taken any business interruption insurance policy and any material disruption at one or more of our plants could have a material adverse effect on our business, results of operations and financial condition.

46. Charge created by Banks / Financial Institutions which are already satisfied, however the same are still reflecting on the website of Ministry of Corporate Affairs.

There are cases of charge created by the Company with the Banks which were duly repaid by our Company and were satisfied and respective forms were filled with Ministry of Corporate Affairs, however these charges are still reflecting on the website of Ministry of Corporate Affairs. Its carries some amount of risk in terms of litigation.

Sr. No.	Charge ID	Bank	Amount	Date of Satisfaction of Charge
1	90072789	INDUSTRIAL DEVELOPMENT BANK OF INDIA	200.00 Lacs	22.11.2005
2	90072778	INDUSTRIAL DEVELOPMENT BANK OF INDIA	200.00 Lacs	22.11.2005
3	90072732	INDUSTRIAL DEVELOPMENT BANK OF INDIA	200.00 Lacs	22.11.2005
4	90072490	INDUSTRIAL DEVELOPMENT BANK OF INDIA	50.00 Lacs	22.11.2005
5	90072415	INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA	80.00 Lacs	10.07.2003

EXTERNAL RISK FACTORS

47. Significant differences exist between the accounting principles of existing / erstwhile Indian GAAP as compared to Ind AS and IFRS, which investors may consider material to their assessment of our Company's financial condition.

The MCA, pursuant to a notification dated February 16, 2015, has issued the Companies (Indian Accounting Standards) Rules, 2015 which lay down a roadmap for companies other than insurance companies, banking companies and non-banking finance companies for the implementation of Ind AS converged with IFRS.

As per the above mentioned notification, companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than 50,000 Lakh, shall comply with Ind AS for the accounting periods beginning on or after April 1, 2017, with the comparatives for the periods ending on March 31, 2017. Accordingly, our Company is mandatorily required to comply with Ind AS for the accounting periods beginning on or after April 1, 2017, with the comparatives for the periods ending on March 31, 2017.

Ind AS has fundamental differences with IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS. In this Draft Letter of Offer, we have not made any attempt to quantify the impact of the differences between Ind AS, IFRS and Indian GAAP as applied to our historical financial statements and our Company cannot assure the Investors that results of operations, financial condition, cash flow or changes in shareholders' equity will not appear materially different under Ind AS from that under Indian GAAP or IFRS and that if the Ind AS were to be applied to our historical financial statements prepared under Indian GAAP, there will not material difference in the applicable accounting policies and standards that will require material adjustments to our historical financial statements prepared under Indian GAAP.

Our Company has adopted Ind AS for the preparation of the audited financial results for the year ended March 31, 2018. Our Company may encounter further difficulties in this proposed transition to the Ind AS from Indian GAAP and in enhancing our management information systems for the same. There can be no assurance that the adoption of Ind AS will not adversely affect our Company's reported financial condition or results of operations.

48. Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any such disruption could have an adverse effect on our Company's business, future financial performance, financial condition and results of operations, and affect the price of the Equity Shares. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

49. There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchange in a timely manner or at all and any trading closures at the Stock Exchange may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver this Draft Letter of Offer and Letter of Offer to SEBI and the Stock Exchange under the applicable provisions of the Companies Act and the ICDR Regulations. The trading approval shall be granted subject to the submission of all

other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange. Any failure or delay in obtaining the approval would restrict investors' ability to dispose off their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchange could adversely affect the trading price of the Equity Shares.

50. The Issue Price of our RightEquity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
 - (b) changes in revenue or earnings estimates or publication of research reports by analysts;
 - (c) speculation in the press or investment community;
 - (d) general market conditions; and,
 - (e) domestic and international economic, legal and regulatory factors unrelated to our performance.
51. Political instability or changes in the Government or Government policies could impact the liberalization of the Indian economy and adversely affect economic conditions in India generally.

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. 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. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

52. Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect our business, prospects, results of operations and financial condition.

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade as well as the worldwide financial markets. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries which may persist and occur in the future. Military activity or terrorist attacks in India may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in the World, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

53. Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of our Equity Shares to decrease.

Our operations, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also

may make it difficult or impossible for employees to reach our business locations which may affect our manufacturing processes. Damage or destruction that interrupts our production could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. We may also be liable to our customers for disruption in supply resulting from such damage or destruction. Our insurance coverage for such liability may not be sufficient. Any of the above factors may adversely affect our business, our financial results and the price of our Equity Shares.

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

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("STT"), has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of Rs. 100000 realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India if it is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares.

SECTION IV

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial statements derived from our audited (Standalone and Consolidated) financial information for the years ended March 31, 2018. These financial statements have been prepared in accordance with Ind AS and provisions under the CA 2013.

The summary financial statements presented below should be read in conjunction with financial statements for the years ended March 31, 2018 and December 31, 2018, the audit reports, notes and annexures thereto. For further details, please see section titled “Financial Statements” on page 73 of this Draft Letter of Offer.

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Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganahalli, Nelamangala Taluk,
 Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933

Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com, CIN: L14101KA1989PLC062041

Standalone Balance Sheet as at 31st March 2018 (Rupees in Lakhs)

S. No.	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
I	ASSETS				
(1)	Non-current assets				
	(a) Property, Plant & Equipment	3	2,771.09	2,745.02	3,047.34
	(b) Capital work-in-progress	3	948.79	361.14	30.38
	(c) Other Intangible Asset	3	0.02	0.03	0.06
	(d) Financial Assets				
	(i) Investments	4	92.56	31.14	10.67
	(ii) Loans & Advances	5	150.56	172.28	153.86
	(e) Other non-current assets	6	173.78	100.25	122.80
	Total Non-current Asset		4,136.80	3,409.86	3,365.12
(2)	Current assets				
	(a) Inventories	7	5,552.48	5,657.62	5,587.82
	(b) Financial Assets				
	(i) Trade Receivable	8	2,986.87	2,038.91	2,345.92
	(ii) Cash and Cash equivalents	9	104.28	89.63	173.61
	(iii) Other Bank Balances	10	559.73	125.67	119.89
	(iv) Loans & Advances	5	917.12	925.10	61.82
	(v) Other Financial Asset	11	7.28	7.45	7.45
	(c) Other current assets	6	650.30	599.66	628.24
	Total Current Asset		10,778.07	9,444.04	8,924.75
	Total Assets		14,914.87	12,853.91	12,289.87
II.	EQUITY AND LIABILITIES				
(1)	EQUITY				
	(a) Equity Share capital	12	135.15	135.15	135.15
	(b) Other Equity	13	6,181.67	6,047.93	6,029.22
	Total Equity		6,316.82	6,183.08	6,164.37
(2)	Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	4,193.82	3,288.94	2,909.80
	(b) Provisions	15	204.49	187.71	175.38
	(c) Deferred tax liabilities (Net)	16	-	-	-
	Total Non-current Liabilities		4,398.31	3,476.65	3,085.18
(3)	Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	17	1,482.67	1,096.95	1,097.41
	(ii) Trade Payables	18	1,263.17	1,208.12	1,290.12
	(iii) Other Financial Liabilities	19	1,048.64	518.39	241.53
	(b) Other current liabilities	20	270.25	267.14	321.85
	(c) Provisions	15	114.65	98.93	65.43
	(d) Current tax liabilities (net)	21	20.34	4.65	23.99
	Total Current Liabilities		4,199.72	3,194.18	3,040.33
	Total Liabilities		8,598.05	6,670.83	6,125.51
	Total Equity and Liabilities		14,914.87	12,853.91	12,289.87

Significant accounting Policies
 Notes forming Part of Financial Statements

1 & 2
 1 to 45

For and on behalf of Board of Directors
 Pacific Industries Limited

As per our Report of even date
 For Ravi Sharma & Co.
 Chartered Accountants
 (FRN 015143C)

Sd/-
 (Paras Bhatia)
 Partner
 M.No. 418196
 Date: 30th May 2018
 Place: Udaipur

Sd/-
 J.P. Agarwal
 (Chairman & Managing Director)
 DIN: 00386183

Sd/-
 Kapil Agarwal
 (Executive Director & CFO)
 DIN: 00386298

Sd/-
 Khushbu Sethi
 Company Secretary
 PAN : GEKPS4863F

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganhalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Statement of Standalone Profit & Loss for the Year ended on 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	Revenue from operations	22	6,745.18	6,640.20
II.	Other income	23	191.34	179.39
III.	Total Revenue (I + II)		6,936.52	6,819.59
IV.	Expenses:			
	Cost of Materials Consumed	24	2,236.37	2,128.42
	Purchases of Stock-in-Trade	25	230.05	365.64
	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	30.05	(62.37)
	Employee Benefits Expense	27	910.57	806.52
	Finance costs	28	337.16	220.49
	Depreciation and amortization expense	29	333.22	368.14
	Other expenses	30	2,718.46	2,866.31
	Excise on Sales		36.92	87.46
	Total expenses		6,832.81	6,780.61
V.	Profit before exceptional items and tax (III-IV)		103.71	38.98
VI.	Exceptional items		-	-
VII.	Profit before tax (V- VI)		103.71	38.98
VIII.	Tax expense:			
	(1) Current tax	32	20.34	4.65
	(2) Deferred tax	32	-	-
	Total Tax Expenses		20.34	4.65
IX.	Profit (Loss) for the period (VII-VIII)		83.37	34.33
	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified subsequently to profit or loss		50.37	(15.61)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
(b)	(i) Items that will be reclassified subsequently to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss		-	-
	Total Other Comprehensive income		50.37	(15.61)
	Total Comprehensive Income for the year		133.74	18.72
X.	Earnings per equity share:			
	(1) Basic	33	6.17	2.54
	(2) Diluted	33	6.17	2.54

Significant accounting Policies

Notes forming Part of Financial Statements

1 & 2

1 to 45

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Pacific Industries Limited

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Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Standalone Cash Flow Statement for the year ended 31st March, 2018

		(Rupees in Lakhs)	
	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A.	Cash flow from Operating Activities		
	Profit before income tax	103.71	38.98
	Adjustment for		
	Depreciation and amortisation expenses	333.22	368.14
	Pre-Operative Expense	12.19	-
	Profit on sale of Fixed Assets	(9.02)	(20.71)
	Finance Costs	324.00	202.03
	Actuarial Gain/ (Loss)	2.71	(14.65)
	Interest Income	(85.07)	(15.87)
	Change in operating assets and liabilities		
	(Increase) in inventories	105.14	(69.81)
	(Increase)/Decrease in trade receivables	(947.96)	307.00
	(Increase)/Decrease in financial assets	0.16	-
	(Increase)/Decrease in Loans & Advances	7.98	(863.28)
	(Increase)/Decrease in Other Current Assets	(50.64)	28.58
	Increase/(Decrease) in Provisions	32.51	45.83
	Increase/(Decrease) in Trade Payables	55.05	(81.99)
	Increase/(Decrease) in Other Current Liabilities	3.12	(54.70)
	Increase/(Decrease) in Other Financial Liabilities	413.43	83.01
	Cash generated from operations	300.53	(47.45)
	Income Tax paid	(4.65)	(23.99)
	Net cash flow from operating activities	295.88	(71.43)
B.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(970.92)	(399.58)
	Sale of Fixed Assets	20.82	23.73
	(Increase)/Decrease in Fixed Deposits	(434.06)	(5.78)
	(Increase)/(Decrease in Long term Loans & advances	21.72	(18.42)
	(Increase)/(Decrease in Other Non-current Assets	(73.53)	22.55
	(Purchase)/Sale of Investments	(13.76)	(21.42)
	Interest Income	85.07	15.87
	Net cash flow from investing activities	(1,364.66)	(383.05)
C.	Cash flow from financing activities		
	Increase in Long Term Borrowings	904.88	379.13
	Increase in Short Term Borrowings	502.55	193.39
	Finance Costs	(324.00)	(202.03)
	Net cash flow from financing activities	1,083.44	370.50
	Net increase / (decrease) in cash and cash equivalents	14.65	(83.98)
	Cash and cash equivalents at the beginning of the year	89.63	173.61
	Cash and cash equivalents at the end of the year	104.28	89.63

Notes forming Part of Financial Statements

1 to 45

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Pacific Industries Limited

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 CIN: L14101KA1989PLC062041

Consolidated Balance Sheet as at 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant & Equipment	3	2,771.09	2,745.02
	(b) Capital work-in-progress	3	948.79	361.14
	(c) Other Intangible Asset	3	0.02	0.03
	(d) Financial Assets			
	(i) Investments	4	6,798.28	5,349.60
	(ii) Loans & Advances	5	6,500.29	3,651.28
	(e) Other non-current assets	6	174.27	101.09
	Total Non-current Asset		17,192.73	12,208.17
(2)	Current assets			
	(a) Inventories	7	5,552.48	5,657.62
	(b) Financial Assets			
	(i) Investments	4	886.78	313.19
	(ii) Trade Receivable	8	5,675.34	4,754.47
	(iii) Cash and Cash equivalents	9	175.72	357.89
	(iv) Other Bank Balances	10	559.73	125.67
	(v) Loans & Advances	5	3,310.21	5,664.58
	(vi) Other Financial Asset	11	8,397.98	10,920.44
	(c) Other current assets	6	752.10	679.47
	Total Current Asset		25,310.34	28,473.33
	Total Assets		42,503.07	40,681.50
II.	EQUITY AND LIABILITIES			
(1)	EQUITY			
	(a) Equity Share capital	12	135.15	135.15
	(b) Other Equity	13	31,360.47	31,382.73
	Total Equity		31,495.62	31,517.88
(2)	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	2,537.82	2,509.87
	(b) Provisions	15	204.49	187.71
	(c) Deferred tax liabilities (Net)	16	-	-
	Total Non-current Liabilities		2,742.31	2,697.58
(3)	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	17	1,482.67	1,096.95
	(ii) Trade Payables	18	4,774.20	4,131.07
	(iii) Other Financial Liabilities	19	1,594.41	852.99
	(b) Other current liabilities	20	270.25	267.14
	(c) Provisions	15	114.65	98.93
	(d) Current tax liabilities (net)	21	28.94	18.97
	Total Current Liabilities		8,265.12	6,466.04
	Total Liabilities		11,007.43	9,163.62
	Total Equity and Liabilities		42,503.07	40,681.50

Significant accounting Policies

Notes Forming Part of Financial Statements

1 & 2

1 to 46

For and on behalf of Board of Directors
 Pacific Industries Limited

As per our Report of even date
 For Ravi Sharma & Co.
 Chartered Accountants
 (FRN 015143C)

Sd/-
 (Paras Bhatia)
 Partner
 M.No. 418196
 Date: 30th May 2018
 Place: Udaipur

Sd/-
 J.P. Agarwal
 (Chairman & Managing Director)
 DIN: 00386183

Sd/-
 Khushbu Sethi
 Company Secretary
 PAN : GEKPS4863F

Sd/-
 Kapil Agarwal
 (Executive Director & CFO)
 DIN: 00386298

Pacific Industries Limited

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 Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
 Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
 CIN: L14101KA1989PLC062041

Consolidated Statement of Profit & Loss for the Year ended on 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	Revenue from operations	22	6,795.99	9,588.83
II.	Other income	23	629.17	681.57
III.	Total Revenue (I + II)		7,425.16	10,270.40
IV.	Expenses:			
	Cost of Materials Consumed	24	2,212.24	2,128.42
	Purchases of Stock-in-Trade	25	291.73	3,576.56
	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	30.05	(62.37)
	Employee Benefits Expense	27	910.84	806.52
	Finance costs	28	266.37	138.73
	Depreciation and amortization expense	29	333.49	368.41
	Other expenses	30	3,279.36	3,152.11
	Excise on Sales		36.92	87.46
	Total expenses		7,361.00	10,195.83
V.	Profit before exceptional items and tax (III-IV)		64.16	74.57
VI.	Exceptional items		-	7.60
VII.	Profit before tax (V- VI)		64.16	66.97
VIII.	Tax expense:			
	(1) Current tax	32	28.94	14.02
	(2) Deferred tax	32	-	-
	Total Tax Expenses		28.94	14.02
IX.	Profit (Loss) for the period		35.22	52.95
	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified subsequently to profit or loss		(57.46)	457.22
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
(b)	(i) Items that will be reclassified subsequently to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss		-	-
	Total Other Comprehensive income		(57.46)	457.22
	Total Comprehensive Income for the year		(22.24)	510.16
X.	Earnings per equity share:			
	(1) Basic	33	2.61	3.92
	(2) Diluted	33	2.61	3.92

Significant accounting Policies

1 & 2

Notes Forming Part of Financial Statements

1 to 46

For and on behalf of Board of Directors
 Pacific Industries Limited

As per our Report of even date
 For Ravi Sharma & Co.
 Chartered Accountants
 (FRN 015143C)

Sd/-
 J.P. Agarwal
 (Chairman & Managing Director)
 DIN: 00386183

Sd/-
 Kapil Agarwal
 (Executive Director & CFO)
 DIN: 00386298

Sd/-
 (Paras Bhatia)
 Partner
 M.No. 418196
 Date: 30th May 2018
 Place: Udaipur

Sd/-
 Khushbu Sethi
 Company Secretary
 PAN : GEKPS4863F

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganahalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(Rupees in Lakhs)

Particulars		Year ended 31st March 2018	Year ended 31st March 2017
A.	Cash flow from Operating Activities		
	Profit before income tax	64.16	66.97
	Adjustment for		
	Depreciation and amortisation expenses	333.49	368.41
	Pre-Operative Expense	12.19	-
	Profit on sale of Fixed Assets	(9.02)	(20.71)
	Loss on sale of Investments	108.40	290.02
	Loss on FVTPL	390.50	-
	Finance Costs	253.16	120.08
	Actuarial Gain/ (Loss)	2.71	(14.65)
	Interest Income	(518.42)	(517.70)
	Change in operating assets and liabilities		
	(Increase) in Inventories	105.14	(359.92)
	(Increase)/Decrease in Trade receivables	(920.87)	2,112.67
	(Increase)/Decrease in financial assets	2,522.46	-
	(Increase)/Decrease in Loans & Advances	2,354.37	(1,748.12)
	(Increase)/Decrease in Other Current Assets	(72.63)	(11,167.66)
	Increase/(Decrease) in Provisions	32.51	50.94
	Increase/(Decrease) in Trade Payables	643.13	(1,875.58)
	Increase/(Decrease) in Other Current Liabilities	3.11	268.13
	Increase/(Decrease) in Other Financial Liabilities	624.60	-
	Cash generated from operations	5,929.00	(12,427.11)
	Income Tax paid	(18.97)	(33.36)
	Net cash flow from operating activities	5,910.03	(12,460.47)
B.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(970.92)	(399.57)
	Sale of Fixed Assets	20.82	23.73
	(Increase)/Decrease in Fixed Deposits	(434.06)	(5.78)
	(Increase)/(Decrease in Long term Loans & advances	(2,849.00)	47.34
	(Increase)/(Decrease in Other Non-current Assets	(73.45)	22.55
	(Purchase)/Sale of Investments	(2,581.35)	12,167.29
	Interest Income	518.42	517.70
	Net cash flow from investing activities	(6,369.54)	12,373.24
C.	Cash flow from financing activities		
	Increase in Long Term Borrowings	27.95	379.13
	Increase in Short Term Borrowings	502.55	(0.46)
	Finance Costs	(253.16)	(120.08)
	Net cash flow from financing activities	277.33	258.60
	Net increase / (decrease) in cash and cash equivalents	(182.17)	171.38
	Cash and cash equivalents at the beginning of the year	357.89	186.51
	Cash and cash equivalents at the end of the year	175.72	357.89

Notes Forming Part of Financial Statements

1 to 46

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

PACIFIC INDUSTRIES LIMITED

Regd. Office : Survey No.13,N.H.48,Kempalinganahalli,Nelamangala Taluk, Distt.Bangalore-562123 (Karnataka)

Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com CIN: L14101KA1989PLC062041

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31,2018

S. No.	PARTICULARS	(Rs. in Lakhs, Except Per Share Data)					
		Quarter Ended			Nine Months Ended		Year Ended
		31 Dec.'18 (Unaudited)	30 Sept.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 Dec.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 March'18 (Audited)
	Income						
I	a) Revenue from operation	2461.50	2073.97	1440.66	6691.58	4743.27	6745.18
II	b) Other Income	175.81	40.91	50.72	316.09	105.69	191.34
III	Total Income (I+II)	2,637.31	2,114.88	1,491.38	7,007.67	4,848.96	6,936.52
IV	Expenses						
	a) Cost of materials consumed	752.10	817.86	798.35	2513.35	3,148.93	3,629.91
	b) Purchases of Stock-in-trade	792.38	315.88	55.33	1484.14	106.68	230.05
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	246.08	152.44	50.11	563.00	(210.04)	30.05
	d) Employee benefits expenses	232.63	233.54	221.78	697.98	665.72	910.57
	e) Finance Cost	116.06	109.05	100.97	320.51	271.91	337.16
	f) Depreciation and amortisation expenses	124.66	112.25	86.69	315.68	273.59	333.22
	g) Other expenses	357.07	342.16	174.01	989.66	749.80	1,324.92
	h) Excise duty on Sales	-	-	1.46	-	38.38	36.92
	Total Expenses	2,620.97	2,083.17	1,488.70	6,884.32	5,044.97	6,832.81
V	Profit before exceptional items and Tax (III-IV)	16.34	31.71	2.68	123.35	(196.01)	103.71
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit before tax (V-VI)	16.34	31.71	2.68	123.35	(196.01)	103.71
VIII	Tax Expense						
	(1) Current Tax	3.14	7.32	-	24.56	-	20.34
	(2) Deferred Tax	-	-	-	-	-	-
IX	Net Profit for the period (VII-VIII)	13.19	24.39	2.68	98.78	(196.01)	83.37
X	Other Comprehensive Income						
	(i) Items that will not be reclassified to Profit or Loss, net of tax	17.90	(6.91)	5.65	27.90	8.60	50.37
	(ii) Items that will be reclassified to Profit or Loss, net of tax	-	-	-	-	-	-
XI	Total Income for the period (IX+X)	31.10	17.49	8.33	126.69	(187.41)	133.74
XII	Paid-up Equity Share Capital (Face Value INR 10 each)	135.15	135.15	135.15	135.15	135.15	135.15
	Reserves Excluding revaluation reserve as per Balance Sheet of Previous Accounting Year	-	-	-	-	-	6,181.67
XIII	Earning Per Share in INR						
	a) Basic	0.98	1.80	0.20	7.31	(14.50)	6.17
	b) Diluted	0.98	1.80	0.20	7.31	(14.50)	6.17

Date : 08.02.2019
Place : Udaipur



By order of the Board
For PACIFIC INDUSTRIES LIMITED

(Signature)

(Signature)

CIN: L14101KA1989PLC062041

REGISTERED OFFICE

KAPIL AGARWAL

SACHIN SHAH

(EXECUTIVE DIRECTOR & CFO) (COMPANY SECRETARY)

(DIN: 00386298)

(DIN: 002123187) (PAN: CF(P524518))

Survey No. 13, N.H. 48, Kempalinganahalli Village, Nelamangala Taluk, Distt. Bangalore-562123 (Karnataka)

Visit us at : www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com, piln@sachinshah.com

Udaipur Phone: +91-294-2440933 / 2440934 / 2440388 / 2440196, Fax No: +91-294-2440196

Bangalore Phone : +91-80-27723004, +91-80-27725976, Fax : +91-80-27723004

THE ISSUE

The Issue has been authorized by the Board at its meeting held on February 27, 2019.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "Terms of the Issue" on page 187 of this Draft Letter of Offer.

Securities being offered by our Company	Upto [•] Equity Shares
Rights Entitlement	[•] Equity Shares for every [•] fully paid-up Equity Shares held on the Record Date i.e. [date]
Record Date	[•]
Face Value per Rights Equity Shares	Rs.10 each
Issue Price per Rights Equity Share	Rs.[•] per Rights Equity Shares including a premium of Rs.[•] per Rights Equity Share
Equity Shares outstanding prior to the Issue	13,51,500 Equity Shares of Face value Rs.10 each
Voting Rights and Dividend	The Equity Shares issued pursuant to the issue shall rank pari passu in all respects with the existing Equity Shares of our Company.
Issue size	Issue of upto [•] Equity Shares of face value of Rs.[•] Each for cash at a price of Rs.[•] (Including a premium of Rs.[•] per Rights Equity Share) per Rights Equity Share not exceeding an amount Rs.2,500 lakhs
Equity Shares outstanding after the issue	[•] Equity Shares
Terms of the Issue	Please see the chapter entitled 'Terms of the Issue ' on page 187 of this Draft Letter of Offer.
Use of Issue Proceeds	For further information, please see the chapter entitled 'Objects of the Issue ' on page 52 of this Draft Letter of Offer.
ISIN Code	INE883C01025
BSE Scrip Code	523483

Payment terms

The payment terms are as follows:

Due Date	Amount
On Application of Rights Equity Shares	Rs.[•] per Rights Equity which Share constitutes 100% of the Issue Price.

GENERAL INFORMATION

Our Company was incorporated as "Pacific Granites Limited" on July 13, 1989, as a public limited company under the Companies Act, 1956, registered with the Registrar of Companies, Jaipur, Rajasthan. The name of our Company was changed to "Pacific Industries Limited" pursuant to which a fresh certificate of incorporation was issued on November 25, 1994. The registered office of our Company was shifted from the state of Rajasthan to the state of Karnataka pursuant to the order passed by the Hon'ble Company Law Board, New Delhi Bench on November 30, 2011. For details, including reasons for the change in the name of our Company, see "History and Certain Corporate Matters" on page 63.

REGISTERED OFFICE OF OUR COMPANY

Pacific Industries Limited

Survey No.13, N.H.48, Kempalinganhalli,
 Nelamangala Taluka Bangalore 562123, Karnataka, India

Tel: 080 7723004

Fax: 080 7723005

Website: www.pacificindustriesltd.com

Email: pilnorth@pacificgranites.com; pacificindustries@rediffmail.com

Corporate Identification No.: L14101KA1989PLC062041

CORPORATE OFFICE OF OUR COMPANY

Pacific Industries Limited

Village Sapetia, Brahmano Ka Guda,
 Bedla Udaipur 313004, (Rajasthan)

Tel: 0294 2440196/2440388/2440933/2440934

Fax: 0294 2440780

ADDRESS OF THE REGISTRAR OF COMPANIES

The Registrar of Companies, Karnataka

E Wing, 2nd Floor, Kendnya Sadan, Kormangala, Beugalur, Karnataka 560034

BOARD OF DIRECTORS

Our Board comprises of:

Name Designation and Occupation	DIN	Address
Mr. Jagdish Prasad Agarwal Chairman and Managing Director Occupation: Service	00386183	19 - C, Old Fatehpura Udaipur 313 001, Rajashthan, India
Mr. Kapil Agarwal Director & Chief Financial Officer Occupation: Service	00386298	19 - C, Old Fatehpura, Udaipur 313 001, Rajashthan, India
Mrs. Geetadevi Jagdish Agarwal Non Executive Director Occupation: Business	00386331	19 - C, Old Fatehpura Udaipur - 313 001, Rajashthan, India
Mr. Vinod Choudhary Non-Executive Independent Director Occupation: Business	03390324	House No 20, Roy Colony 2nd Road, Roy Colony, Katni, Murwara, Katni 483 501

Name Designation and Occupation	DIN	Address
Mr. Vikas Misra Non-Executive Independent Director Occupation: Service	08304606	Geetanjali Institute of Technical Studies, Airport Road, Dabok Udaipur 313 001
Mr. Pradeep Kumar Jain Non-Executive Independent Director Occupation: Service	08303628	K-5, Gold Leaf Colony, Kota Bawari, Bhuwana, Udaipur - 313 001

BRIEF PROFILE OF THE BOARD OF DIRECTORS

Please see “Our Management” on page 69 of this Draft Letter of Offer.

COMPANY SECRETARY & COMPLIANCE OFFICER Mr. Sachin Shah Village Sapetia, Brahmano Ka Guda, Bedla, Udaipur -313004, (Rajasthan) Tel: + 0294 2440196 Email: companysecretary@pacificindustriesltd.com, pacificinvestor@rediffmail.com	SEBI Registration Number: INR000004058 LEGAL ADVISORS TO THE ISSUE Chir Amrit Legal LLP 6th Floor, ‘Unique Destination’, Opp. Times of India, Tonk Road, Gautam Nagar, Gandhi Nagar, Jaipur, Rajasthan 302015 Tel: +91 141 4044500 Fax: +91 141 4044522 E-mail: Nikhil.totuka@chiramritlaw.com Contact Person: Mr. Nikhil Totuka
LEAD MANAGER TO THE ISSUE IndiaNivesh Corporate Finance Private Limited 1705, 17th Floor, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Tel: +91 22 6240 6240 Fax: +91 22 6240 6241 E-mail: icfpl@indianivesh.in Website: www.indianivesh.in Contact Person: Mr. Jinesh Doshi SEBI Registration Number: INM000012403	STATUTORY AUDITORS OF OUR COMPANY Ravi Sharma & Co. Chartered Accountants 3580, Moti Singh Bhomiyon Ka Rasta, 4 th Crossing Johari Bazar, Bohra ji Ka Darwaja, Jaipur 302 003 Tel: 9351258175 Firm Registration No: 015143C Email: caparasbhatia@gmail.com Contact Person: Mr. Paras Bhatia
REGISTRAR TO THE ISSUE Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 Email: mumbai@linkintime.in Contact Person: Mr. Jitendra Ranade Website: www.linkintime.co.in	BANKERS TO THE ISSUE [•] [•] [•] [•]

Self Certified Syndicate Banks

All QIBs and Non-Institutional Investors must mandatorily and Retail Individual Investors may optionally apply through the ASBA process provided that they hold Equity Shares as on the Record Date i.e; [•] in dematerialized form. The ASBA Investors are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure. The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on the SEBI website at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 187 of this Draft Letter of Offer.

Investors may please contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-issue /post-issue related matter such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment / share certificate(s)/ credit of allotted shares in the respective beneficiary account / refund orders etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for. Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Statement of inter se allocation of responsibilities of the Lead Manager

IndiaNivesh Corporate Finance Private Limited is the sole Lead Manager to this issue and hence Inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of IndiaNivesh Corporate Finance Private Limited inter alia, is as follows:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure, memorandum containing salient features of the offer document to ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Marketing of the issue will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centers (iv) distribution of publicity and issue material including composite application form and the Abridged Letter of Offer and the Draft Letter of Offer to the extent applicable.
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, and advertisement agencies, etc.
5.	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
6.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post- issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Issuer.

Filing

The Draft Letter of Offer has been filed with the Southern Regional Office of the SEBI, located at D'Monte Building, 3rd Floor, No. 32, D'Monte Colony, TTK Road, Alwarpet, Chennai – 600 018, India for its observations and with the stock exchanges. After SEBI gives its observations, the Letter of Offer will be filed with the with the Stock Exchanges as per the provisions of the Companies Act.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	[•]
Last date for receiving requests for SATs:	[•]
Issue Closing Date	[•]

Impersonation

As a matter of abundant caution, attention of the investors is specifically drawn to the provisions of subsection of Section 38 of the Companies Act, 2013 which is reproduced below: “Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447*

Credit rating

As the Issue is a rights issue of equity shares, no credit rating is required.

Monitoring Agency

Since the Issue size does not exceed Rs. 10,000 Lakhs, the appointment of a monitoring agency as per Regulation 82 of the SEBI Regulations is not required.

Appraising Agency

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

Experts

Our Company has received a written consent from the Statutory Auditors namely, Ravi Sharma & Co., to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, and as "experts", as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as an auditor and in respect of their (a) audit report dated May 30, 2018 on our financial statements for the year ended March 31, 2018, their (b) limited review report dated February 8, 2019 on unaudited financial results for the nine months period ended December 31, 2018, and (c) their report dated February 22, 2019 on the Statement of Possible Special Tax Benefits included in this Draft , and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, they should not be construed as "experts" as defined under U.S. Securities Act, 1933

Underwriting

This Issue of Rights Equity Shares is not being underwritten and/or no standby support is being sought for the Issue.

Debenture Trustee

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “Terms of the Issue” on page 187.

CAPITAL STRUCTURE

The equity share capital of our Company as on date of this Draft Letter of Offer is set forth below:

(All amounts in Rs.)

No.	Particulars	Aggregate nominal value	Aggregate value at Issue Price
A.	Authorized Share Capital		
	2,50,00,000 Equity Shares of Rs.10 each	25,00,00,000	-
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue		
	13,51,500 Equity Shares of Rs.10 each	1,35,15,000	-
C.	Present Issue in terms of this Draft Letter of Offer*		
D.	Issued, Subscribed and Paid-Up Share Capital after the Issue**	[•]	[•]
	[•] Equity Shares of face value of Rs. 10 each	[•]	-
E.	Securities Premium Account		
	Before the Issue	NIL	
	After the Issue	[•]	

* The Issue has been authorised by the Board at its meeting held on February 27, 2019

**Assuming full subscription for and allotment of the Rights Entitlement.

Our Company has only one class of share capital i.e. Equity Shares of face value of Rs.10/- each only. All Equity Shares issued are fully paid-up.

Our Company has no outstanding convertible instruments as on the date of this Draft Letter of offer.

Notes to the Capital Structure

1. Details of the outstanding instruments:

Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer.

2. Our Company does not have a stock option scheme.

3. The shareholding pattern of our Company as on December 31, 2018 is as follows:

a) Summary of Shareholding Pattern

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	No. of equity shares held in dematerialized form	Total as a % of Total Voting right
(A) Promoter & Promoter Group	16	5,95,202	5,95,202	44.04	5,95,202	44.04	5,95,202
(B) Public	16,961	7,56,298	7,56,298	55.96	7,56,298	55.96	4,50,914
(C1) Shares underlying Drs	—	—	—	—	—	—	—
(C2) Shares held by Employee Trust	—	—	—	—	—	—	—
(C) Non Promoter-Non Public	—	—	—	—	—	—	—
Grand Total	16,977	13,51,500	13,51,500	100.00	13,51,500	100.00	10,46,116

b) Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of equity shares held in dematerialized form
A1) Indian					
Individuals/Hindu undivided Family	12	5,00,092	5,00,092	37.00	5,00,092
Geeta Devi Agarwal	1	1,90,421	1,90,421	14.09	1,90,421
Kapil Agarwal	1	1,35,635	1,35,635	10.04	1,35,635
Jagdish Prasad Agarwal	1	42,336	42,336	3.13	42,336
Kanika Agarwal	1	24,250	24,250	1.79	24,250
Shruti Agarwal	1	21,053	21,053	1.56	21,053
Ankur Agarwal	1	20,000	20,000	1.48	20,000
Ankit Agarwal	1	18,259	18,259	1.35	18,259
Sudha Agarwal	1	12,808	12,808	0.95	12,808
Narayan Prasad Agarwal	1	10,330	10,330	0.76	10,330
Dwarka Prasad Agarwal	1	10,000	10,000	0.74	10,000
Gaurav Agarwal	1	10,000	10,000	0.74	10,000
Jitendra Kumar Taylia	1	5,000	5,000	0.37	5,000
Any Other (specify)	4	95,110	95,110	7.04	95,110
Piyush Maroo	1	11,750	11,750	0.87	11,750
Shanti Lal Maroo	1	8,750	8,750	0.65	8,750
Rahul Marbles Private Limited	1	60,000	60,000	4.44	60,000
Pacific Leasing And Research Limited	1	14,610	14,610	1.08	14,610
Sub Total A1	16	5,95,202	5,95,202	44.04	5,95,202
A2) Foreign	—	—	—	—	—
A=A1+A2	16	5,95,202	5,95,202	44.04	5,95,202

c) Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)
B1) Institutions	0	0		0.00		0.00	—
Mutual Funds/	4	1,140	1,140	0.08	1,140	0.08	—
Financial Institutions/ Banks	4	60	60	0.00	60	0.00	20
Insurance Companies	1	10	10	0.00	10	0.00	—
Any Other (specify)	4	3,360	3,360	0.25	3,360	0.25	—
Foreign Financial Institution	1	10	10	0.00	10	0.00	—
Sub Total B1	13	4,570	4,570	0.34	4,570	0.34	20
B2) Central Government/							
State Government(s)/							
President of India	0	0		0.00		0.00	—
B3) Non-Institutions	0	0		0.00		0.00	—
Individual share capital upto							
Rs. 2 Lacs	16580	5,64,135	5,64,135	41.74	5,64,135	41.74	2,82,324
Individual share capital in							
excess of Rs. 2 Lacs	2	63,164	63,164	4.67	63,164	4.67	63,164
Lalita Devi Modi	1	43,081	43,081	3.19	43,081	3.19	43,081
Sarita Agarwal	1	20,083	20,083	1.49	20,083	1.49	20,083
NBFCs Registered with RBI	1	168	168	0.01	168	0.01	168
Any Other (specify)	365	1,24,261	1,24,261	9.19	1,24,261	9.19	1,05,238
Foreign Nationals	171	4,400	4,400	0.33	4,400	0.33	—
HUF	54	20,217	20,217	1.50	20,217	1.50	20,217
Non-Resident Indian (NRI)	33	4,805	4,805	0.36	4,805	0.36	4,785
Clearing Members	11	860	860	0.06	860	0.06	860
Bodies Corporate	96	93,979	93,979	6.95	93,979	6.95	79,376
Mentor Capital Limited	1	62,991	62,991	4.66	62,991	4.66	62,991
Sub Total B3	16948	7,51,728	7,51,728	55.62	7,51,728	55.62	4,50,894
B=B1+B2+B3	16961	7,56,298	7,56,298	55.96	7,56,298	55.96	4,50,914

d) Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form (XIV) (Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

b Details of disclosure made by the trading members holding 1% or more of the total number of Equity Shares of our Company: Nil

- None of the Equity Shares held by our Promoter and Promoter Group have been locked-in or pledged or has any encumbrance on such Equity Shares.
- Details of the shareholders holding more than one percent (1%) of the share capital of our Company as on December 31, 2018, is as follows:

S.No.	Name of shareholder	No. of Equity Shares Held	% of total no. of shares
1	Geeta Devi Agarwal	1,90,421	14.09
2	Kapil Agarwal	1,35,635	10.04
3	Jagdish Prasad Agarwal	42,336	3.13
4	Kanika Agarwal	24,250	1.79
5	Shruti Agarwal	21,053	1.56
6	Ankur Agarwal	20,000	1.48
7	Ankit Agarwal	18,259	1.35
8	Rahul Marbles Private Limited	60,000	4.44
9	Pacific Leasing And Research Limited	14,610	1.08
10	Lalita Devi Modi	43,081	3.19
11	Sarita Agarwal	20,083	1.49
12	Mentor Capital Limited	62,991	4.66
13	Babita Mansaka	14,246	1.05
14.	Mahindra Girdharilal	13,715	1.01

- None of our Promoter and Promoter Group has acquired the Equity Shares in the year immediately preceding the date of filing of this Draft Letter of Offer with SEBI.
- Intention and extent of participation by our Promoter and Promoter Group in the Issue

Our Promoter and entities forming part of our Promoter Group have, *vide* their letters dated February 27, 2019 (the “**Subscription Letters**”) undertaken to: (a) subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

5. The Issue being a rights issue the requirements of promoters’ contribution and lock-in are not applicable.
6. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is Rs. [●].
7. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of this Draft Letter of Offer. Further, the Rights Equity Shares when issued shall be fully paid-up.

V - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The proceeds of the Issue are proposed to be utilised by us for repayment of unsecured loans availed from the related party (deployed for the purpose of new Quartz project).

The objects clause of our Memorandum of Association enables us to undertake our existing activities. The fund requirement and deployment are based on internal management estimates and have not been appraised by bank. Further, the same is based on our current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth below, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

The details in relation to objects of the Issue are set forth herein below;

Repayment of loans availed from the related party (deployed for the purpose of new Quartz project)

Our Company is presently engaged in production and export of polished granite slabs, cut-to-size polished granite tiles, polished marble slabs and polished natural stones. It also trades and export in granite/marble slabs & tiles, rough granite/marble blocks, sand stone, slate stone and all other kinds of stone. Our Company is now venturing into new Quartz project (hereinafter referred to as 'The Project').

The total cost of setting up of the Project is Rs. 5,665.47 lakhs (complete details are covered elsewhere in this Chapter).

Our Company has availed the unsecured loan from one of the Related Party for an amount of Rs. 2,500 lakhs for the purpose of deployment of the funds in new Quartz project (hereinafter referred to as the project).

The principle terms of the loan are as under;

Sr. No.	Particulars	
1.	Name of the Lender	Biswas Solar Instrument Private Limited
2.	Amount of Loan	Rs.2,500 Lakhs*
3.	Tenure	3 years
4.	Nature of Loan	Unsecured Inter-corporate Loan
5.	Rate of Interest	9% p.a.

** The total loan availed from Biswas Solar Instrument Private Limited is Rs. 3851.59 lakhs however Rs.2,500 lakhs have been availed and deployed specifically for the purpose of new Quartz project.*

The aforesaid loan has been availed and utilised completely towards setting up of new Quartz Project. The proceeds to this Issue shall be utilised for the purpose of repayment of the aforesaid loan.

The comprehensive details of the new Quartz project are detailed below;

Details of new Quartz project (The Project)

Total project Cost*

Sr. No.	Particulars	Amount (Rs. in lakhs)
1.	Land	267.30
2.	Building, Construction & Site Development	1265.42
3.	Imported Machinery	3,368.81
4.	Indigenous Machinery & Misc. Fixed Assets	500.00
5.	Provision for Contingencies	107.00
6.	Preliminary & Preoperative expenses	61.94
7.	Interest during project commissioning period	95.00
	TOTAL	5,665.47

** As per Management Estimates*

Means of Finance for the Project

Our Company intends to finance the total requirement for the new quartz project as below:

(Rs. in lakhs)

Sr. No.	Particulars	Amount
1.	Proceeds from the Issue (loan already obtained to be repaid from the proceeds of the Issue)	Upto 2,500
2.	Secured Loans from Bank	3,000
3.	Internal Accruals*	165.47

** Any increase in project cost shall be met out of surplus available with the company or increased internal accruals*

The above fund requirements are based on internal management estimates, and quotations received from third-party vendors, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency. These are based on current conditions and business needs, and are subject to revisions in light of changes in costs, the financial condition of our business, interest rate fluctuations, business, strategy or external circumstances which may not be in our control. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal Year due to any reason, the same would be utilised (in part or full) in the next Fiscal Year/ 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 management, subject to compliance with applicable law. For further details, see the section titled "Risk Factors" on page 16.

In case we require additional capital towards meeting the objects of the Rights Issue, we may explore a range of options including utilising internal accruals and availing additional debt from existing and future lenders and / or from the Related parties / Promoters and Promoter Group. We believe that such alternate arrangements would be available to fund any such shortfalls. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for general corporate purposes in accordance with applicable law.

Funding Arrangement

The total funds required for the Project is Rs.5,665.47 Lakhs. 75% of the stated means of finance, excluding funds to be raised through the Issue and deployed from Identified Internal Accruals have been arranged as follows:

Aggregate funds required for the Project (A)	5,665.47
Amount proposed to be financed from Net Proceeds (which are already deployed through identified means) (B)	[•]
Funds required excluding the Net Proceeding of Rights Issue (which are deployed through Identified Means) (A) – (B)	[•]
75% of the funds required excluding the Net Proceeds	[•]
Arrangement regarding 75% of the funds required excluding Issue Proceeds	
Secured Loan from Bank **	3,000.00

** The table below gives the details of the sanctioned facility from the Lender

Fund Based facility (Rs. In Lakhs)

Name of the Bank : HDFC Bank Limited	
Nature of Facility	Amount of Loan Sanctioned
Term Loan – Fresh (New Project)	500
Term Loan – Fresh (Sublimit of LC- Capex)*	(2,500)
LC – Capex*	2,500
TOTAL	3,000

* The LC – Capex shall be converted into Term Loan on 120th day from the date of Bill of Lending (BL)

Fund Based facility – Post commencement of Project

Name of the Bank : HDFC Bank Limited	
Nature of Facility	Amount of Loan Sanctioned
PCFC (Pre Shipment, Post Shipment)*	500
TOTAL	500

* The facility can be utilised only after commencement of production

Non-Fund Based facility

Name of the Bank : HDFC Bank Limited	
Nature of Facility (Non Fund based)	Amount of Loan Sanctioned
DRULL	50
PSR	400
IFG – Performance BG	250
TOTAL	700

In view of the above, we confirm that we have complied with SEBI ICDR Regulations which requires our Company to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Rights Issue.

Additional details of the Project

i. Brief about the market for Quartz

Quartz slabs has huge consumption in US market and every year it is increasing further. Three years ago, it was around 40% while in the year 2018, it accounts to be more than 70% with Antidumping Duty being applied by US on Chinese goods, India has a huge potential to grow as very few countries besides China are manufacturing quartz slabs.

Quartz slabs are mostly preferred for use in high-traffic areas such as malls, airports, railway stations, hospitals and commercial spaces. It is a substitute material for granite and marble. The US is the biggest market for quartz.

Besides USA, other countries like United Kingdom, Lebanon, UAE, Canada, Australia, New Zealand etc have also good demand of quartz surfaces. According to a survey by our existing UK customer the share of quartz will be further increased next year as demand for quartz is growing across the world on account of aesthetics, durability, strength, variety and less wastage or damage compared to natural marble.

India has an edge in quartz production as India is already a huge processor and manufacturer of surfaces and quartz is the extension of the same. As per the reports produced by the Observatory of Economic Complexity (OEC) 2015, India is ranked number 3rd exporter of quartz. It is because of the availability of raw material in abundance which makes India to stand globally in the top three exporters. There were 251 reporting mines in 2013-14 as against 308 in preceding year. The share of public sector mines, in the total output was about 1% during the year. The share of 8 principal producers was about 40% of the total output. Andhra Pradesh continued to be the major producing state of quartz in the year 2013-14 accounting for 63% of the total production followed by Rajasthan (14%), Gujarat (10%), Karnataka (5%), West Bengal (3%), Jharkhand (2%), Tamil Nadu (1%) and the remaining two percent production was contributed by Chhattisgarh, Maharashtra, Odisha and Uttar Pradesh. About 65% of the production during the year 2013-14 was reported by 35 mines including 6 associated mines having production above ten thousand tonnes. 34 mines including 8 associated mine having annual production between five thousand to ten thousand tonnes contributed about 17% of the total production. The remaining 18% was the contribution of 320 mines including 124 associated mines having annual production below five thousand tones.

The customers as well as product characteristics are same as marble/granite. But it is preferred more over natural stones as the designs and patterns can be produced as per our requirements. Quartz slabs are also suitable for big commercial projects and office buildings as uniformity is guaranteed on huge scales unlike natural stones as patterns can vary layer to layer/pit to pit.

New innovations are being implemented on quartz surfaces and now various patterns like marble series/concrete series are extremely popular in market. Marble series particularly is a huge success and it is an exact replica of marbles like statuario/botticino/ calcatta etc but available at a much lesser price.

Due to its properties and patterns, it has high potential to penetrate in other market as well like Germany, Poland, Spain etc as they are already huge buyers in natural stone market.

Domestic Market is increasingly accepting quartz slabs now. Target market for the new quartz plant will be counter tops and interiors (floors) in kitchens, malls, airports, high-end hotels and other places. Replacement of counter tops is the largest market for engineered quartz nationally.

Many big commercial projects/ malls have used quartz surfaces and they are already getting much attention and appreciation. Some Indian manufacturers are exclusively manufacturing for Indian market, eyeing huge demand in coming years.

ii. Location of the Project

We propose to set up the Project at Village Bedla, Udaipur, Rajasthan ('Quartz Project'). This Quartz Project would be to diversify the business of polished granite slabs through installation of two automatic production line for artificial quartz slabs.

1. Automatic Production line for Artificial Quartz Slabs (Multi Colour & Mono Colour);
2. Automatic Polishing Machine

The breakup of the estimated cost of setting up the Project is Rs. 5665.47 Lakhs is as follows;

(Rs. in lakhs)		
Sr. No.	Particulars	Amount
1.	Land	267.30
2.	Building, Construction & Site Development	1265.42
3.	Imported Machinery	3368.81
4.	Indigenous Machinery & Misc. Fixed Assets	500.00
5.	Provision for Contingencies	107.00
6.	Preliminary & Preoperative expenses	61.94
7.	Land	95.00
	TOTAL	5,665.47

The further head wise bifurcations of the above estimated costs tabulated above are given hereunder:

i. Land

The Company has already purchased one freehold land admeasuring 1.15 Hectare for total consideration of **Rs 88.4 lakhs** (cost of land **Rs. 82.32** lakhs plus stamp duty, registration cost **Rs 6.08 Lakhs** and land conversion cost **Rs. 2.35 lakhs**) and no payment is remaining to be paid. Another parcel of leasehold land admeasuring 0.55 Hectare adjacent to above land has also been acquired for a total consideration of **Rs.176.50 Lakhs** and consequently the leasehold rights of the said land has already been transferred in the name of the Company.

The land admeasuring 1.15 Hectare is a freehold land and the land admeasuring 0.55 Hectare is a leasehold land. Both lands are proposed to be encumbered in favour of HDFC Bank Limited i.e. Lender. The land is located at Village Bedla, Udaipur, Rajasthan which is situated nearby / adjoining to the Existing Facilities situated at Village bedla, Udaipur, Rajasthan

ii. Building, Construction & Site Development

The Project envisages construction of around 2,50,000 square feet of factory building with the infrastructure of boundary wall, water sources, internal roads, plumbing and sanitation. The estimated cost of the building is Rs.1265.42 Lakhs. The detailed breakup is as follows:

Description	Quotation received from	Amount	Quotation date
Main Shed & Raw material Shed	Mr. Praveen Paliwal, Civil Engineer	991.24	01.12.2018
Equipment Foundations work	Mr. Praveen Paliwal, Civil Engineer	118.02	01.12.2018
Civil Work for panel room & Sub station	Mr. Praveen Paliwal, Civil Engineer	51.25	01.12.2018
Development of area outside the workshop	Mr. Praveen Paliwal, Civil Engineer	59.25	01.12.2018
Outer Road work	Mr. Praveen Paliwal, Civil Engineer	45.66	01.12.2018

(Source: Quotations received by our Company and management estimation letter dated February 20, 2019)

iii. Imported Machinery

The Company has already placed orders for Machinery from overseas suppliers. Purchase of Imported Machineries amounting to Rs.3,368.81 Lakhs which includes cost of machines, cost of transportation, freight, insurance, cost of erection, installation & commissioning on the same. Company has already paid advance for Imported Machinery amounting to Rs.309.38 Lakhs* to Billion Vast Industrial Ltd. - Hongkong and Breton S.P.A. - Italy being approximately 10% as advance for purchase.

The details of Imported Machineries for the Project are as under:

Plant and Machinery	Name of Supplier	Amount (USD / EUR) **	Amount (Rs. In Lakhs)	Date of Placement of Order	Expected Date of delivery
Automatic Production line for Artificial Quartz Slabs (Multi Colour & Mono Colour)	Billion Vast Industrial Ltd. RM 504, 5/F, Tung Wai Commercial Building, 109-111 Gloucester Road, WANCHAI, HONGKONG USD	USD 23,20,000	Rs.1,600.80	30.07.2018	Received
Automatic Polishing Machine	BRETON S.p.A., Via Garibaldi n27 31030 CASTELLO DI GODEGO (TV)/ Italy	EURO 15,95,000	Rs.1,291.95	16.07.2018	Received
Freight, Insurance, Installation and other expenses	—	—	Rs. 476.06	—	—
TOTAL			Rs.3,368.81		

*Based on certificate from M/s. Ravi Sharma & Co., Chartered Accountant dated February 20, 2019.

** FOB Price (Excluding ocean freight, insurance and clearing and forwarding expense of Rs. 376.06 lakhs). Conversion rate of USD taken at 69/- and EURO at 81/-.

(Source Quotation received by our Company from foreign suppliers and management estimation letter dated February 20, 2019 and subsequent Purchase Orders)

Our Company has availed EPCG (Export Promotion Capital Goods) and hence there is a Custom Duty exemption. However, the Company is obligated to export at least 6 times of duty saved in 6 years. For further details, see the section titled “Risk Factors” on page 16.

iv. Indigenous Machinery & Misc. Fixed Assets

The Company has already placed orders for Indigenous Machinery & Misc. Fixed Assets. For the purchase of Indigenous Machinery & Misc. Fixed Assets amounting to Rs.500 Lakhs the Company has already paid advance amounting to Rs. 100.88 Lakhs* to the Suppliers being 20.18% as advance for purchase.

Plant and Machinery	Name of Supplier	Amount (Rs. In Lakhs)	Date of placement of Order	Expected Date of delivery
Electrical Work Panel	Pyrotech Electronics Pvt Ltd	108.05	30.11.2018	15.03.2019
LT switchgear Panels	Pyrotech Electronics Pvt Ltd	6.75	22.02.2019	15.03.2019
Erection of 33KV line	M/s. Laxmi Enterprises	120.00	16.02.2019	15.05.2019
Cabling work	Asia Electricals	60.57	11.02.2019	25.03.2019
EOT Cranes	Rosova Engineering company	80.00	17.10.2018	15.03.2019
Resin Tank	Leo Equipment	22.00	14.12.2018	20.03.2019
	TOTAL	500.00		

** Based on certificate from M/s. Ravi Sharma & Co., Chartered Accountant dated February 20, 2019.*

Source Quotation received by our Company from foreign suppliers and management estimation letter dated February 20, 2019 and subsequent Purchase Orders.

v. Provision for contingencies

Provision for contingency on account of exchange fluctuations or other extraneous factors, civil construction, transportation costs, labour cost and other contingencies have been provided as Rs.107 Lakh, at about 2 % of 53.89 Lakh, i.e. the total estimated cost before incorporating the provision for contingencies, Interest during construction period and the preliminary & preoperative expenses.

vi. Interest during project commissioning period

Our Company has availed unsecured loan from the related party for an amount of Rs.2,500 lakhs till 3 years and the same has been deployed in the Project* and the same is carrying interest at 9% p.a.

Accordingly, the interest during the intervening period, which would be capitalised towards the cost of the New Quartz Project, is expected to be 95 Lakh @9% per annum.

** Based on certificate from M/s. Ravi Sharma & Co., Chartered Accountant dated February 20, 2019.*

vii. Preliminary and Preoperative Expenses

Preliminary and preoperative expenses of Rs. 61.94 Lakh* mainly comprise of expenses such as personnel expenses, administration charges, documentation charges and all upfront / appraisal fee required for raising the debt.

** Based on management estimation letter dated February 20, 2019*

Source of Funds already deployed

Our Company has deployed 2500 Lakhs as on 18.02.2019 towards the Project (which shall be repaid from the proceeds of the issue) as certified by M/s. Ravi Sharma & Co., Chartered Accountants vide certificate dated February 20, 2019. The details of which are as under;

(Rs. in Lakhs)

Particulars	Amount
DEPLOYMENT OF FUNDS	
- Payment for land acquisition	267.30
- Payment for Building, Construction & Site Development	984.73
- Advance for Imported Machinery	309.38
- Freight, Insurance for Imported Machinery	125.63
- Payment of Indigenous Machinery & Misc. Fixed Assets	100.88
- Preliminary & Preoperative Expenses	40.12
- Opening of F.D. Against L.C.	650.00
- Interest	21.96
TOTAL	2500.00
SOURCES OF FUNDS	
- Loan from Biswas Solar Instrument Private Limited	2500.00
TOTAL	2500.00

Schedule of Utilisation and Deployment of Funds for the entire Project

The fund deployment of the entire Quartz Project during F.Y. 2018-2019 and 2019-2020, depending upon various factors including the actual timing of the completion of the Issue and disbursement of the Sanctioned facilities. In the event that estimated utilization out of the funds in any given financial year is not completely met, the same shall be utilized in the next financial year. Our Company proposes to deploy the funds as follows;

Our Company proposes to deploy the funds towards the above stated objects during F.Y. 2018-2019 and 2019-2020, depending upon various factors including the actual timing of the completion of the Issue, the receipt of the Net Proceeds and disbursement of the Sanctioned facilities. In the event that estimated utilization out of the funds in any given financial year is not completely met, the same shall be utilized in the next financial year. Our Company proposes to deploy the funds as follows;

(Rs. in Lakhs)

Sr. No.	Particulars	Funds required	Funds already deployed till 18.02.2019*	Funds proposed to be deployed*	
				In FY 2018-19	In FY 2019-20
1.	Payment for land acquisition	267.30	267.30	—	—
2.	Payment for Building, Construction & Site Development	1265.42	984.73	180.69	100
3.	Advance for Imported Machinery	2892.75	309.38	629.90	1953.47
4.	Freight, Insurance for Imported Machinery	476.06	125.63	350.43	—
5.	Payment of Indigenous Machinery & Misc. Fixed Assets	500.00	100.88	299.12	100
6.	Preliminary & Preoperative Expenses	61.94	40.12	21.82	—
7.	Interest during project commissioning period	95	21.96	21.38	51.66
8.	Provision for Contingencies	107	—	76.78	30.22
	TOTAL	5,665.47	1,850.00	1580.12	2235.35

* Based on certificate from M/s. Ravi Sharma & Co., Chartered Accountant dated February 20, 2019.

* Additionally FD of Rs. 650 Lakhs has been placed against LC which is included in the sources of funds deployed towards the Project i.e. Rs. 2500 Lakhs

Schedule of Implementation of the Project

Our Company shall implement the entire expansion plan in a single phase, in the manner as described below:

Sr. No.	Schedule of Activities	Actual / Expected Date of Commencement	Expected Date of Completion
1.	Acquisition of Land - Freehold Land - Leasehold Land	13.09.2018 31.01.2019	— —
2.	Order of Plant and Machinery	Already placed	
3.	Receipt of Plant and Machinery	—	Received on 04.03.2019
4.	Construction	—	31.03.2019
5.	Installation and Erection of Machinery	—	30.04.2019
6.	Trial run	30.4.2019	30.4.2019
7.	Commercial Production	31.5.2019	—

Expenses to the Issue

The Issue related expenses include, among others, fees to various intermediaries, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Approximate Amount (Rs. in lakhs)*	As percentage of total expenses (%)*	As a Percentage of Issue size (%)*
Fees of the Lead Manager	[•]	[•]	[•]
Brokerage, selling commission and upload fees	[•]	[•]	[•]
Fees of the Registrar to the Issue	[•]	[•]	[•]
Fees of the Legal Advisor	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc.)	[•]	[•]	[•]
Printing and stationery expenses (including courier and distribution charges)	[•]	[•]	[•]
Total	[•]	[•]	[•]

*Amount will be finalized at the time offering Letter of Offer and on determination of Issue Price

Strategic and/ or Financial Partners

There are no Strategic and Financial partners to the objects of the issue.

Appraisal

None of the Objects of the Issue have been appraised by any bank or financial institution.

Interim use of Net Proceeds

Our Company intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. Our Company confirms that pending utilisation of the Net Proceeds for the objects of the Issue, it shall not utilise the Net Proceeds for any investment in the equity markets, real estate or related products.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and members of our Promoter Group or Group Entities, except in the ordinary course of business. Additionally, we further confirm that the amount raised by our Company through the Issue shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company by our Company.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Pacific Industries Limited
Survey no.13, N.H.48, Kempalinganahalli,
Nelamangala Taluka Bangalore KA 562123

Dear Sirs,

Subject: Statement of possible special tax benefits available to Pacific Industries Limited (“the Company”) and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018, as amended

We refer to the proposed Rights issue of the equity shares (hereinafter referred as “Offer”) of the Company. We enclose herewith the Annexure stating the possible special tax benefits available to the Company and to its shareholders under the provisions of the Income-tax Act, 1961 (the “**IT Act**”), presently in force in India, for inclusion in the Draft Letter of Offer (“**DLOF**”) and the Letter of Offer (“**LOF**”) (collectively the “Offer Documents”).

The benefits discussed in the enclosed Annexure cover only the special tax benefits available to the Company and its shareholders and do not cover general tax benefits. Special tax benefits are benefits which are generally not available for all companies. We are informed that this Statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the nature of individual tax consequences and the changing tax laws, each of the investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the offer for sale of equity shares of the Company.

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

the Company or its shareholders will continue to obtain these benefits in future; or

the conditions prescribed for availing the benefits, where applicable, have been/would be met with;

The contents of the enclosed Annexure 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.

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 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. We shall not be liable 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.

The enclosed annexure is intended for your information and for inclusion in the Offer Documents in connection with the rights issue of equity shares. We hereby consent to the use of our name and other details, including reference to our firm as auditors to the Company. We further consent to be named as an expert in the Offer Documents, as defined under the provisions of the Companies Act, 2013 and the rules framed thereunder.

Yours faithfully,

For **Ravi Sharma & Co.**
Chartered Accountants
Firm Registration No. 015143C

Sd/-
Paras Bhatia
Partner
Membership No. 418196

Place: Jaipur
Date: February 22, 2019

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and its shareholders under the Income Tax Act 1961 as amended by the Finance Act 2018, i.e. applicable for the Financial year 2018-19 relevant to the assessment year 2019-20, presently in force in India (the “IT Act”).

I. Special tax benefits available to the Company

There are no special tax benefits available to the Company.

II. Special tax benefits available to Shareholders

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

Notes:

1. This statement does not discuss any tax benefits in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible special tax benefits and consequences that apply to them.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. All the above benefits are as per the current IT Act. Accordingly, any change or amendment in the laws /regulations, which when implemented would impact the same.

SECTION VI: ABOUT OUR COMPANY

HISTORY AND OTHER CORPORATE MATTERS

Brief History and Corporate Profile

Our Company was incorporated under the name of Pacific Granites Limited on July 13, 1989 at Jaipur, Rajasthan as a Public Limited Company under the Companies Act, 1956. The certificate of commencement of business was issued by the ROC, Jaipur, Rajasthan on August 28, 1989 and the name of the Company was changed to "Pacific Industries Limited" and a fresh certificate of incorporation dated November 25, 1994 was obtained. The registered office of our Company was shifted from the state of Rajasthan to the state of Karnataka pursuant to the order passed by the Hon'ble Company Law Board, New Delhi Bench on November 30, 2011.

Business

We are engaged in production and export of Polished Granite Slabs, cut-to-size polished granite tiles and polished natural stones. In the year 1989 our Company was established as a 100% export oriented unit by eminent industrialist Mr. J.P. Agrawal and today we are one of the leading quarry owners and processors of natural stones. With products like slabs, tiles, cut to size, we are enjoying our presence in over 40 countries. With our two processing units each at Bangalore and Udaipur we make sure that our customers have access to all the Indian colours at attractive prices.

We make sustainable efforts to provide elegant and durable varieties of stones across the world. We are working with a professional team who establishes and maintain to deliver the highest-quality products and warmest customer service. Keeping innovation in mind we have processed innovative materials and finishes based on the most fierce market competition.

Changes in Registered Office

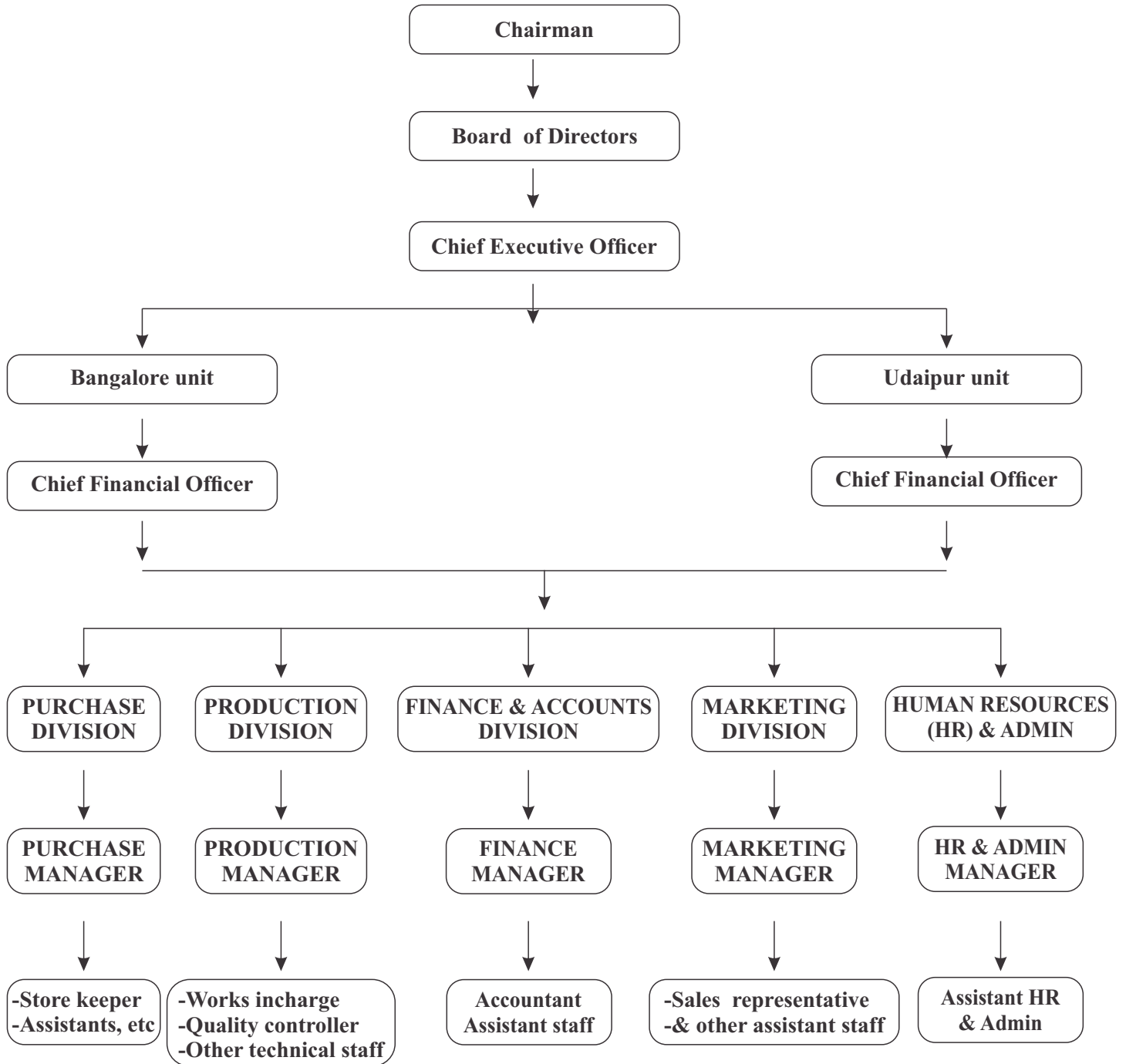
Except as disclosed below, there has been no change in the Registered Office of our Company:

Period	Details of change	Reasons for change
30/11/2011	The registered office of the Company was shifted from the state of Rajasthan to the state of Karnataka in pursuant to the order passed by the Hon'ble Company Law Board, New Delhi Bench on November 30, 2011.	In view of the Company's factory established in Bangalore, the company wanted to expand its business operations in Bangalore and hence decided to shift the registered office in the state of Karnataka.

Changes, in name of our Company

Period	Details of change	Reasons for change
November 25, 1994	The name of our Company was changed from "Pacific Granites Limited" to "Pacific Industries Limited"	On incorporation the Company was carrying out the business of manufacturing and processing of granite slabs and tiles. However, to diversify its business operations the Company decided to set up a spinning project in Rajasthan. Therefore, after the diversification of the business the earlier name of the Company was not able to reflect the nature of Company's business.

CORPORATE STRUCTURE



Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *“To produce, quarry, mine, excavate, cut, hew, carve, draw, crush, saw, dress, finish, polish, set, glaze, grind, process, wash, screen, acidise, wax, manufacture, treat, alter, improve, extract from mines, refine, import, export, purchase, sell, deal and to act as brokers, agents, stockists, distributors and suppliers of all kinds of marbles, marble chips, tiles, granites, laterites, lime stones, soap stones, felspar, corundum, quartz, artificial stones, slate stones, sand stones, silica stones, building stones and all other kinds of stones and to deal in all kinds of building materials and tiles.*
2. *To carry on the business of manufacturing, processing, repairing, remodeling, importing, exporting and to otherwise deal in marble cutting machines, blades, segments, tools and all other machineries, plant tools and equipment's for cutting, polishing, processing, mining, excavating, marbles and other stones of all kinds.*
3. *To carry on the business of manufacturing, processing, spinning, doubling, combing, weaving, ginning, bailing, knitting, winning, dyeing, bleaching, finishing, calendering, printing, mercerising, chemical processing, selling, buying, importing, exporting, distributing, exchanging wool, silk, art silk, rayon, terene, flex' hemp, polyster, synthetics, linen, jute, nylon and other fibrous material, yarn fabrics, carpets and all other textile yarns and fibrous substances.*
4. *To carry on the business of procuring, purchasing, taking on lease, sub-leasing, contracting, converting agriculture land or any other kind of land in to mining/minerals land or otherwise acquire and deal with any minerals, mines, mining rights and concessions and prospecting or development rights at any place and to acquire by purchase, sub-lease, contract or otherwise land containing minerals of all descriptions including, cornelian, mica, bronze, soda, bell-metal, emery, coal, charcoal, chalk, sulphur, ochre, flint, silver, zinc, copper, steel, mercury, brass, tin, bitumen, arseric, fullers earth, natron, white lead, cinnabar, vermilion, lead, anlimory, iron, ironore, marble, granite, quartz, lignite, base metals, precious, semi-precious, stones, limestone, decorative stones, and Geological Instruments Import, sales purchase, Mining Consultancy, Act as mediator for sales purchase of Mines of all minerals in India or out of India., Act as mediator for purchase of land for the mines on account of other companies., Masonry Stone Trading, rocks and minerals of economic/industrial importance in any part of world and any interest thereon and to explore, work, develop and turn to account the same.*
5. *To engage and deal in all aspects of the business, consultancy, generation, transmission, sale, purchase, captive consumption, supply and distribution of power/electricity in India and abroad by establishment of Solar PV power plant or any other type of power generation plant using conventional and/or non- conventional energy sources as may be in use or which may be developed or invented in future.*
6. *To carry on all kinds of commission agency, auctioneers business and to act as selling agents, buying agents, clearing, carriage and forwarding agents, distributors, traders, dealers or stockists for goods, products and merchandise of all kind and to make any collaboration, franchisee arrangement with any government, state, company, corporation, authority or person for the aforesaid objects in India or elsewhere in the world and to run departmental stores and chain stores.*
7. *To carry on the business of constructions, builders, building contractors or subcontractor or otherwise, promoters, dealers, owners, investors, agents, brokers of land, buildings, commercial complexes, cinema halls, theatres, estates, hereditament, roads, highway docks, bridges, canals, dams, ports, reservoir, or any other structural or architectural work of any kind whatsoever, whether rural or urban, residential, commercial or industrial, and to acquire, or purchase, take on lease or in exchange, hire or by any other means, obtaining ownership of and/or options over any freehold or other property of any tenures estate or interest in any rights, privileges or easements over or in respect of any property, land or building, or to improve, alter, furnish, construct, promote, develop, finance or subsidies the same and to maintain, dispose of or assist in sale of the same, to build townships, buildings, residential, factories, industries, warehouses, godowns, shops, sports, recreational commercial complexes, cinema halls, theatres, and to equip the same or any part thereof with all or any amenities, drainage, sanitations, facility, electricity, air conditioning, and other installations, and to deal with the same in any manner, whatsoever, and to build, take on lease, and/or rent, purchase or acquire in any manner, whatsoever, any apartment, house, flats, rooms, floors or other accommodation and to let or dispose of the same on instalment basis, hire purchase basis, deferred payment basis or by outright sale whether by private treaty or by public auction or in any mode of disposition.”*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to the Memorandum of Association

Set out below are the amendments to the Memorandum of Association since the incorporation of Our Company.

Date of Shareholders' Resolution	Particulars
February 15, 1990	Increase in Authorised Share Capital from 5,00,000 divided into 50,000 equity shares of Rs. 10 each to 4,00,00,000 divided into 40,00,000 equity shares of Rs. 10 each.
March 25, 1991	Increase in Authorised Share Capital from 4,00,00,000 divided into 40,00,000 equity shares of Rs. 10 each to 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each.
December 21, 1991	Increase in Authorised Share Capital from 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10 each to 6,00,00,000 divided into 60,00,000 equity shares of Rs. 10 each.
November 27, 1993	Increase in Authorised Share Capital from 6,00,00,000 divided into 60,00,000 equity shares of Rs. 10 each to 20,00,00,000 divided into 2,00,00,000 equity shares of Rs. 10 each.
October 30, 1994	Increase in Authorised Share Capital from 20,00,00,000 divided into 2,00,00,000 equity shares of Rs. 10 each to 25,00,00,000 divided into 2,50,00,000 equity shares of Rs. 10 each.
October 31, 1994	Alteration of Object clause of the Memorandum of Association
September 30, 2014	Adoption of new set of Articles of Association of the Company pursuant to the Companies Act, 2013.
October 10, 2016	Alteration of Object clause of the Memorandum of Association
March 21, 2018	Alteration of Object clause of the Memorandum of Association

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company and Group:

Calendar Year	Particulars
1989	Incorporation of the Company as 100% EOU on July 13, 1989 by Sh. J.P. Agarwal for manufacture of Polished Granite Slabs and Tiles with technical collaboration with the Breton S.P.A. of Italy, an internationally reputed manufacturer of stone processing machineries and equipments.
1989	Establishment of unit in Udaipur
1991	Public Issue of shares
1994	Rights Issue of Equity shares
1994	Further Public Issue of shares
1995	Establishment of Unit in Bangalore
1998	Foundation of Ojaswi Marble in Katni (known for its Beige Color Marble in all over the India)

Calendar Year	Particulars
1989	Incorporation of the Company as 100% EOU on July 13, 1989 by Sh. J.P.Agarwal for manufacture of Polished Granite Slabs and Tiles with technical collaboration with the Breton S.P.A. of Italy, an internationally reputed manufacturer of stone processing machineries and equipments.
1989	Establishment of unit in Udaipur
1991	Public Issue of shares
1994	Rights Issue of Equity shares
1994	Further Public Issue of shares
1995	Establishment of Unit in Bangalore
2000	Application was made to Board for Industrial and Financial Reconstruction (BIFR) to be categorised as a Sick Company
2005	Withdrawal of the application filed with Board for Industrial and Financial Reconstruction (BIFR)
2006	Reduction in share capital of the Company
2011	The registered office of the Company was shifted from the state of Rajasthan to the state of Karnataka in pursuant to the order passed by the Hon'ble Company Law Board, New Delhi Bench on November 30, 2011.
2013	Installation of Gasperi Multi Wire in Bangalore Unit.
2013	Installation of Breton Polish Machine in Udaipur Unit.
2017	Installation of Breton Multi Wire in Udaipur Unit.
2017	Expansion of Finished Godown shed at Udaipur Unit.
2017	Set up Captive Solar Plant for Udaipur Unit at Bikaner

Changes in the activities of our Company during the last five years

There has been no change in the activities of our Company during the last five years which may have had a material effect on the profit/ loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Partnership Firms

Our Company is not a partner in any partnership firm.

Our Shareholders

Our Company has 16,977 Shareholders, as on 31.12.2018. For further details regarding our Shareholders please see chapter entitled 'Capital Structure' on page 47 of this Draft Letter of Offer.

Strategic or Financial Partners

As on the date of this Draft Letter of Offer, our Company does not have any strategic or financial partners.

Our Associates

As on the date of this Draft Letter of Offer, our Company does not have any associates.

Other Material Contracts

There are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

Revaluation of assets

Our Company has not revalued its assets since its incorporation.

Details of public/ rights issues made in the past five years

The Company has not floated any Rights Issue/Public Issue in last 5 years.

Shareholders' Agreements


As on the date of this Draft Letter of Offer, there are no subsisting Shareholders' agreements to which our Company is a party to. Further, to the extent that our Company is aware, there are no subsisting Shareholders' agreements which have been entered into by our Shareholders, as on the date of this Draft Letter of Offer.

Our holding company

As on date of this Draft Letter of Offer, our Company does not have a holding company.

Intellectual Property

Our Company, has been granted the registration of following trademark as on the date of this Draft Letter of Offer:

Sr. No	Trademark	Class	Description of Property	Trade Mark No.	Date of Application	Valid upto
1		19	Marble, Granites, Tiles, All Natural And Artificial Stones	2697825	12/03/2014	12/03/2024

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Draft Letter of Offer, our Board comprises Six (6) Directors, of which two are Executive Directors, One is Non-Executive Non- Independent Director and Three are Independent Non-Executive Directors.

The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth the details regarding our Board of Directors as on the date of this Draft Letter of Offer:

Sr. No.	Name, Father's Name, Designation, Address, Occupation, Nationality, Date of Birth & DIN	Age (years)	Other Directorships
1.	Mr. Jagdish Prasad Agarwal S/o. Mr. Magni Ram Agarwal Designation: Managing Director Address: 19 - C, Old Fatehpura Udaipur 313 001, Rajasthan, India Occupation : Service Nationality : Indian Date of Birth : 06.10.1957 DIN : 00386183 Date of Appointment / Re-appointment : September 30, 2014 Date of expiration of the current term of office : September 29, 2019	61	Private Limited Companies 1. Rahul Avas Yojna Private Limited 2. Ravi Realmart Private Limited Public Limited Companies 1. Pacific Iron Manufacturing Limited 2. Gaze Fashiontrade Limited 3. Gist Minerals Technologies Limited
2.	Mr. Kapil Agarwal S/o Mr. Jagdish Prasad Agarwal Designation : Director & Chief Financial Officer Address: 19 - C, Old Fatehpura Udaipur 313 001, Rajasthan, India Occupation : Service Nationality : Indian Date of Birth : 18.06.1983 DIN : 00386298 Date of Appointment / Re-appointment : September 30, 2014 Date of expiration of the current term of office: September 29, 2019	35	Private Limited Companies 1. Galaxy Realventure Private Limited 2. Reyansh Mines And Minerals Private Limited 3. Gitanjali Metasteel Private Limited 4. Geetanjali Buildtech Private Limited 5. Ravi Buildmart Private Limited 6. Surya Buildsquare Private Limited 7. Bhaskar Buildmart Private Limited 8. Proclaim Constructions Private Limited 9. Geetanjali Investech Holdings India Private Limited 10. Sea Horse Constructions Private Limited 11. Pearl Realhome Developers Private Limited 12. Steadfast Builders Private Limited 13. Ojaswi Marbles And Granites Private Limited Public Limited Companies 1. Pacific Iron Manufacturing Limited 2. Mount Saroli Infrastructures Limited 3. Pacific Leasing And Research Limited

3. Mrs. Geetadevi Agarwal W/o Mr. Jagdish Prasad Agarwal Designation : Non Executive Director Address: 19 - C, Old Fatehpura Udaipur 313 001, Rajasthan, India Occupation : Business Nationality : Indian Date of Birth : 25.03.1960 DIN : 00386331 Date of Appointment / Re-appointment: August 14, 2014 Date of expiration of the current term of office: N.A.	58	Private Limited Companies 1. Rahul Marbles Private Limited 2. Yash Processors Private Limited 3. Lakecity Housing Development and Finance Private Limited 4. Grand Phoenix Buildmart Private Limited 5. Ojaswi Marbles and Granites Private Limited Public Limited Companies 1. Pacific Leasing and Research Limited 2. Mount Saroli Infrastructures Limited
4. Mr. Vinod Choudhary S/o. Mr. Manohar Lal Choudhary Designation : Non Executive Independent Director Address: House No 20, Roy Colony 2nd Road, Roy Colony, Katni, Murwara, Katni 483 501 Occupation : Business Nationality : Indian Date of Birth : 24.04.1961 DIN : 03390324 Date of Appointment / Re-appointment : September 30, 2014 Date of expiration of the current term of office: September 29, 2019	57	Private Limited Companies 1. Jai Govind Devji Agro Farming Developers Private Limited 2. Bhola Motor Finance Private Limited 3. Reyansh Infrastructure Private Limited 4. Geetanjali Infosystems Private Limited Public Limited Companies 1. Maheshwari Financial Services Limited
5. Mr. Vikas Misra S/o Shri Ram Samujh Misra Designation: Non Executive Independent Director Add: 8/4/20-B, New Colony, Jharkhandi, Rikabganj, Faizabad, Uttarpradesh 224001 Occupation: Service Nationality: Indian Date of Birth : 11.09.1972 DIN: 08304606 Date of Appointment / Re-appointment : December 17, 2018 Date of expiration of the current term of office: upto the date of the next Annual General Meeting of the Company	46	Private Limited Companies 1. Biswas Solar Instruments Private Limited Public Limited Companies Nil
6. Mr. Pradeep Kumar Jain S/o Shri Jinesh Chandra Jain Designation: Non Executive Independent Director Add: K-5, Gold Leaf Colony, Kota Bawari, Bhuwana, Udaipur (RAJ.) 313001 Occupation: Service Nationality: Indian Date of Birth : 17.06.1957 DIN: 08303628 Date of Appointment / Re-appointment : December 17, 2018 Date of expiration of the current term of office: upto the date of the next Annual General Meeting of the Company.	61	Private Limited Companies 1. Saha Coloured & Flavour Spirit Manufacturer Private Limited Public Limited Companies Nil

Relationship between Directors

Name of the Director	Name of other Director	Relation
Jagdish Prasad Agarwal	Kapil Agarwal Geetadevi Agarwal	Son Wife
Kapil Agarwal	Jagdish Prasad Agarwal Geetadevi Agarwal	Father Mother
Geetadevi Agarwal	Jagdish Prasad Agarwal Kapil Agarwal	Husband Son

Except as stated above, none of the other Directors are related to each other.

BRIEF BIOGRAPHIES OF OUR DIRECTORS

Mr. Jagdish Prasad Agarwal, Chairman & Managing Director

Mr. J. P. Agarwal, 61 years, one of the promoter Director, is a Chairman & Managing Director of the Company looking after overall affairs of the Company. He surveyed market potential in 1988-89 in various countries like Singapore, Hong Kong, Italy, UAE, France, Germany, China and Switzerland. He also attended International Trade Fair at Carara in Italy and studied various granite processing units at Italy and China during his visits. He observed huge export potential of the Granite and idea of setting up the unit crystallized.

Prior to this, he was engaged in the business of survey, construction, drilling, development of tube wells, RCC overhead water tanks in the state of Rajasthan & Madhya Pradesh.

He had graduated in commerce faculty in 1978 from University of Rajasthan and passed C.A. (Inter) in 1982. During his practical training in a leading Chartered Accountant firm in Mumbai he assisted in consultancy to entrepreneurs and their financial management.

Mr. Kapil Agarwal, Chief Financial Officer

Mr. Kapil Agarwal is the Executive Director and Chief financial officer. He has joined the Company in 2005 after completion of his studied in business administration from Western Michigan University, USA. He has taken overall charge of the Bangalore unit and has bagged handsome export orders thereby increasing the customer base of the company resulting export growth. He is a Director of our Company since July 23, 2005. He was re- appointed as the Executive Director and Chief Financial Officer of the Board with effect from September 30, 2014.

Mrs. Geetadevi Agarwal, Non Executive Director

Mrs. Geeta Devi Agarwal is an Non Executive Director. She has an experience in Business management. She was appointed as an Non Executive Director of the Board with effect from August 14, 2014.

Mr. Vinod Choudhary, Non Executive Independent Director

Mr. Vinod Choudhary is a Non Executive Independent Director. He has an Commerce Graduate and possesses appropriate skills, experience and knowledge; inter alia, in the field of Finance. he was appointed as an Non Executive Independent Director of the Board with effect from August 14th, 2014.

Dr. Vikas Misra, Non Executive Independent Director

Dr. Vikas Misra is a Non Executive Independent Director. Dr. Misra has vide experience of more than 22 year in the field of Mechanical engineering and served various known organization at the position of director. He has done Ph.D. (Mechanical Engineering) from Integral University, Lucknow and M.Tech (Mechanical Engineering) with Specialization in industrial system Engineering from K.N.I.T, Sultanpur.

Mr. Pradeep Kumar Jain

Dr. Pradeep Kumar Jain is a Non Executive Independent Director. Dr. Jain, has vide experience of more than 40 years in the field of Business administration and Management Studies. He has faculty and consultant in various international universities and institute. He was done Ph.D (International Marketing) from university of Rajasthan in the year 1982.

CONFIRMATIONS

None of our Directors is or was a director of any listed company, whose shares have been or were suspended from being traded on BSE and NSE, during the last five years prior to the date of this Draft Letter of Offer, 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.

None of our Directors have been or was identified as a willful defaulter as defined under the SEBI ICDR Regulations or RBI.

None of the Directors of our Company are or were associated as a director of any other company against which SEBI has initiated any proceedings or investigations during the tenure of their directorship in such other 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 or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company

No arrangement or understanding have been entered with major shareholders, customer's suppliers or others pursuant to which any of the abovementioned Directors have been appointed on the Board or the senior management.

The Directors of our Company have not entered into any service contracts with our Company which provide for benefits upon termination of employment.

SECTION VII: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page Nos.
Standalone Independent Auditor's Report	74
Standalone Audited Financial Statement for the Year Ended March 31, 2018	86
Consolidated Independent Auditor's Report	118
Consolidated Audited Financial Statement for the Year Ended March 31, 2018	124
Unaudited Financial Results for the Nine (9) months period ended December 31, 2018, which are subjected to Limited Review by Statutory Auditors of the Company, prepared in accordance with recognition and measurement principles of Ind AS 34 and Regulation 33 of SEBI (LODR) Regulations, 2015	160

Material changes and commitments, if any, affecting our financial position

There are no material changes and commitments, which are likely to affect our financial position since March 31, 2018 till date of this Letter of Offer, except that in compliance with the Listing Regulations, we have approved and filed the limited review financial results for the quarter and nine months ended December 31, 2018 with the Stock Exchange. For the limited review financial results for the quarter and nine months year ended December 31, 2018 please see section "Financial Information on page 160.

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Independent Auditor's Report

To
The Members of
PACIFIC INDUSTRIES LIMITED,

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **Pacific Industries Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “Standalone Financial Statements”).

Management's Responsibility for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute

of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS Financial Statements.

Basis for Qualified Opinion

Refer Note No. 38 of Notes on standalone Ind AS Financial Statements regarding confirmation & reconciliation of various Debit and Credit balances appearing under various heads & non-provision of exchange fluctuation w.r.t certain old balances. Final reconciliations / confirmations of the same may affect our disclosure.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit (including other comprehensive income), change in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31st March 2017 included in the financial statements, are based on the previously published Standalone financial results/statements for the said periods prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India audited by predecessor auditor and whose audit report for the year ended 31st March 2017 dated 30th May 2017 expressed an modified opinion, as adjusted for the differences in

the accounting principles adopted by the company on transition to the Ind AS, which has not been audited by us.

Our Opinion is not modified in respect of above matters.

Report on Other Legal & Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The balance sheet, the statement of profit and loss including Other Comprehensive Income, the cash flow statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. As required under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, on the Internal Financial Control over Financial Reporting to the extent applicable, refer our separate report in Annexure II and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The effect of pending litigations (if any) are disclosed by way of Note in the Ind AS Financial Statements. Refer Note 39 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contract including derivatives contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For Ravi Sharma & Company
Chartered Accountants
FRN: 015143C

SD/-
(CA Paras Bhatia)
Partner
M.No. 418196

Date: 30th May 2018
Place: Udaipur

Annexure I to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone Ind AS Financial Statements for the year ended 31 March 2018, we report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the company except the land having cost of Rs. 64.76 Lacs in Bangalore held in the name of past director of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
- (B) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
- (c) there is no overdue amount in respect of loans granted to such companies.

- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security,
- (v) The Company has not accepted any deposits from the Public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable
- (vi) According to the information & explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of manufacture of its products by the company.
- (vii) In respect of statutory dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except for a few delays. According to the information and explanations given to us, no disputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable.
 - (b) According to the information and explanation given to us, there are no pending dues of Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and service tax or Cess which are not deposited on account of dispute except Following:

Particulars	Year	Amount of demand	Amount deposited against demand	Amount of demand to the extent not deposited (Rs.)	Forum where appeal is pending
Entry Tax demand paid under Protest, Bangalore	2010-11	840669	420335	420334	C.T.D Bangalore
Entry Tax demand paid under Protest, Bangalore	2011-12	679839	339920	339919	C.T.D Bangalore
Sales Tax demand paid under Protest, Bangalore	2010-11	2615214	1307606	1307608	C.T.D Bangalore
Sales Tax demand paid under Protest, Bangalore	2011-12	1773845	886923	886922	C.T.D Bangalore
Excise Demand, Udaipur	Norms 2007-08, 2010-11, 2011-12	11196664	5595984	5600680	CESTAT, Delhi
Excise Demand, Udaipur	2013-14	3610658	270799	3339859	CESTAT, Delhi
Excise Demand, Udaipur	2013-14	2255032	169128	2085904	CESTAT, Delhi
Custom Demand, Udaipur	2014-15	3346743	251005	3095738	Joint Commission, Udaipur
Custom Demand, Udaipur	2014-15 & 2015-16	2772476	207936	2564540	Joint Commission, Udaipur
Custom Demand, Udaipur	2015-16 & 2016-17	1719873	128990	1590883	Ass. Commission, Udaipur
Income Tax Demand, Udaipur	AY 2011-12, 2014-15 & 2015-16	109552041	2850000 (Under Protest)	106702041	Income Tax Department Filed Appeal Before ITAT against the order of CIT(Appeal)

- (viii) According to information and explanation given to us by the management, as on balance sheet date the company is not in default w.r.t. repayment of loans and borrowings to a financial institutions, banks or government, further the company has not issued any debentures.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management during the year under review, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. To the best of our knowledge and belief and according to the Information and Explanation given to us, term loans availed by the company were prima facie applied by the company during the year for the purpose for which the loan were Obtained.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. .
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon

For Ravi Sharma & Company
Chartered Accountants
FRN: 015143C

Sd/-
(CA Paras Bhatia)
Partner
M.No. 418196

Date: 30th May 2018
Place: Udaipur

Annexure II to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, We have audited the internal financial controls over financial reporting of Pacific Industries Limited (hereinafter referred to as "the Company"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

Refer Note No. 38 of Notes on standalone Ind AS Financial Statements regarding confirmation & reconciliation of various Debit and Credit balances appearing under various heads & non-provision of exchange fluctuation w.r.t certain old balances. Final reconciliations / confirmations of the same may affect our disclosure.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the company has maintained , in all material respects , adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on “the internal control over financial

reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India”.

For Ravi Sharma & Company
Chartered Accountants
FRN: 015143C

Sd/-
(Paras Bhatia)
Partner
M.No.: 418196

Date: 30th May 2018
Place: Udaipur

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganahalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933

Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com, CIN: L14101KA1989PLC062041

Standalone Balance Sheet as at 31st March 2018 (Rupees in Lakhs)

S. No.	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
I	ASSETS				
(1)	Non-current assets				
	(a) Property, Plant & Equipment	3	2,771.09	2,745.02	3,047.34
	(b) Capital work-in-progress	3	948.79	361.14	30.38
	(c) Other Intangible Asset	3	0.02	0.03	0.06
	(d) Financial Assets				
	(i) Investments	4	92.56	31.14	10.67
	(ii) Loans & Advances	5	150.56	172.28	153.86
	(e) Other non-current assets	6	173.78	100.25	122.80
	Total Non-current Asset		4,136.80	3,409.86	3,365.12
(2)	Current assets				
	(a) Inventories	7	5,552.48	5,657.62	5,587.82
	(b) Financial Assets				
	(i) Trade Receivable	8	2,986.87	2,038.91	2,345.92
	(ii) Cash and Cash equivalents	9	104.28	89.63	173.61
	(iii) Other Bank Balances	10	559.73	125.67	119.89
	(iv) Loans & Advances	5	917.12	925.10	61.82
	(v) Other Financial Asset	11	7.28	7.45	7.45
	(c) Other current assets	6	650.30	599.66	628.24
	Total Current Asset		10,778.07	9,444.04	8,924.75
	Total Assets		14,914.87	12,853.91	12,289.87
II.	EQUITY AND LIABILITIES				
(1)	EQUITY				
	(a) Equity Share capital	12	135.15	135.15	135.15
	(b) Other Equity	13	6,181.67	6,047.93	6,029.22
	Total Equity		6,316.82	6,183.08	6,164.37
(2)	Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	14	4,193.82	3,288.94	2,909.80
	(b) Provisions	15	204.49	187.71	175.38
	(c) Deferred tax liabilities (Net)	16	-	-	-
	Total Non-current Liabilities		4,398.31	3,476.65	3,085.18
(3)	Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	17	1,482.67	1,096.95	1,097.41
	(ii) Trade Payables	18	1,263.17	1,208.12	1,290.12
	(iii) Other Financial Liabilities	19	1,048.64	518.39	241.53
	(b) Other current liabilities	20	270.25	267.14	321.85
	(c) Provisions	15	114.65	98.93	65.43
	(d) Current tax liabilities (net)	21	20.34	4.65	23.99
	Total Current Liabilities		4,199.72	3,194.18	3,040.33
	Total Liabilities		8,598.05	6,670.83	6,125.51
	Total Equity and Liabilities		14,914.87	12,853.91	12,289.87

Significant accounting Policies
Notes forming Part of Financial Statements

1 & 2
1 to 45

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganhalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Statement of Standalone Profit & Loss for the Year ended on 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	Revenue from operations	22	6,745.18	6,640.20
II.	Other income	23	191.34	179.39
III.	Total Revenue (I + II)		6,936.52	6,819.59
IV.	Expenses:			
	Cost of Materials Consumed	24	2,236.37	2,128.42
	Purchases of Stock-in-Trade	25	230.05	365.64
	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	30.05	(62.37)
	Employee Benefits Expense	27	910.57	806.52
	Finance costs	28	337.16	220.49
	Depreciation and amortization expense	29	333.22	368.14
	Other expenses	30	2,718.46	2,866.31
	Excise on Sales		36.92	87.46
	Total expenses		6,832.81	6,780.61
V.	Profit before exceptional items and tax (III-IV)		103.71	38.98
VI.	Exceptional items		-	-
VII.	Profit before tax (V- VI)		103.71	38.98
VIII.	Tax expense:			
	(1) Current tax	32	20.34	4.65
	(2) Deferred tax	32	-	-
	Total Tax Expenses		20.34	4.65
IX.	Profit (Loss) for the period (VII-VIII)		83.37	34.33
	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified subsequently to profit or loss		50.37	(15.61)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
(b)	(i) Items that will be reclassified subsequently to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss		-	-
	Total Other Comprehensive income		50.37	(15.61)
	Total Comprehensive Income for the year		133.74	18.72
X.	Earnings per equity share:			
	(1) Basic	33	6.17	2.54
	(2) Diluted	33	6.17	2.54

Significant accounting Policies

Notes forming Part of Financial Statements

1 & 2

1 to 45

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganahalli, Nelamangala Taluk,
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Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Standalone Cash Flow Statement for the year ended 31st March, 2018

(Rupees in Lakhs)

Particulars		Year ended 31 March 2018	Year ended 31 March 2017
A.	Cash flow from Operating Activities		
	Profit before income tax	103.71	38.98
	Adjustment for		
	Depreciation and amortisation expenses	333.22	368.14
	Pre-Operative Expense	12.19	-
	Profit on sale of Fixed Assets	(9.02)	(20.71)
	Finance Costs	324.00	202.03
	Actuarial Gain/ (Loss)	2.71	(14.65)
	Interest Income	(85.07)	(15.87)
	Change in operating assets and liabilities		
	(Increase) in inventories	105.14	(69.81)
	(Increase)/Decrease in trade receivables	(947.96)	307.00
	(Increase)/Decrease in financial assets	0.16	-
	(Increase)/Decrease in Loans & Advances	7.98	(863.28)
	(Increase)/Decrease in Other Current Assets	(50.64)	28.58
	Increase/(Decrease) in Provisions	32.51	45.83
	Increase/(Decrease) in Trade Payables	55.05	(81.99)
	Increase/(Decrease) in Other Current Liabilities	3.12	(54.70)
	Increase/(Decrease) in Other Financial Liabilities	413.43	83.01
	Cash generated from operations	300.53	(47.45)
	Income Tax paid	(4.65)	(23.99)
	Net cash flow from operating activities	295.88	(71.43)
B.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(970.92)	(399.58)
	Sale of Fixed Assets	20.82	23.73
	(Increase)/Decrease in Fixed Deposits	(434.06)	(5.78)
	(Increase)/(Decrease) in Long term Loans & advances	21.72	(18.42)
	(Increase)/(Decrease) in Other Non-current Assets	(73.53)	22.55
	(Purchase)/Sale of Investments	(13.76)	(21.42)
	Interest Income	85.07	15.87
	Net cash flow from investing activities	(1,364.66)	(383.05)
C.	Cash flow from financing activities		
	Increase in Long Term Borrowings	904.88	379.13
	Increase in Short Term Borrowings	502.55	193.39
	Finance Costs	(324.00)	(202.03)
	Net cash flow from financing activities	1,083.44	370.50
	Net increase / (decrease) in cash and cash equivalents	14.65	(83.98)
	Cash and cash equivalents at the beginning of the year	89.63	173.61
	Cash and cash equivalents at the end of the year	104.28	89.63

Notes forming Part of Financial Statements

1 to 45

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Pacific Industries Limited

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Website: www.pacificindustriestd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Notes to the Standalone Ind AS Financial Statement for the year ended 31st March 2018

Note 1 Corporate Information

Pacific Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The company is engaged in the export, manufacturing & trading of Granite tiles & slabs and other goods and commission activities.

Note 2 Significant accounting policies

The following are the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 01, 2016. These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

These are the company's first financial statements prepared in accordance with Ind AS. The Transition to Ind AS was carried out in accordance with 'Ind AS 101 - First-time Adoption of Indian Accounting Standards' as at the date of transition to Ind AS i.e. 1st April 2016. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. Refer Note No. 43.2 and 43.3 to the Ind AS financial Statements for description of the effect of the transition and reconciliation required as per Ind AS 101.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on 30th May 2018.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally

Notes to the Standalone Ind AS Financial Statement

based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Functional and Presentation Currency

The financial statements are prepared in Indian Rupees ("INR") which is the Company's presentation currency and the functional currency for its operations. All financial information presented in INR has been rounded to the nearest lakhs with two decimal places unless stated otherwise.

2.4 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgments and estimates relating to carrying value of assets and liabilities include useful lives of Property, plant and equipment, impairment of Property, plant and equipment, investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.5 Classification of Assets & Liabilities as Current & Non-Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.6 Recognition of Revenue and Expenditure

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms and excluding taxes or duties

Notes to the Standalone Ind AS Financial Statement

collected on behalf of the government. Revenue is reduced for estimated customers returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized:

2.6.1 Sale of Goods

Revenue from the sale of goods is recognised, when the significant risks and rewards of ownership of the goods have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

2.6.2 Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate method. Interest income is included under the head "Other Income" in statement of profit and loss.

2.6.3 Expenses

All expenses are charged in statement of profit and loss as and when they are incurred.

2.7 Property, Plant & Equipment

Property, plant and equipment are initially recognized at cost including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

2.8 Depreciation

Depreciation is calculated on a straight line method basis over the estimated useful lives of all the assets as prescribed in Schedule II of the Companies Act, 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the Standalone Ind AS Financial Statement

2.9 Inventory

Inventories consists of Raw Material, Work In Progress, Finished Goods , Scrap & Stores & Spares.

Inventories are valued at the lower of cost or net realisable value. Cost is determined on weighted average basis.

Raw materials & Stores & Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition on the weighted average basis.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity on a weighted average basis. Cost of finished goods includes other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

2.10 Employee benefits

a) Short Term Employee Benefits

Short-term Employee Benefits are recognised as an expense on accrual basis.

b) Defined Contribution Plan

The Company makes defined contribution to Provident Fund managed by Government Authorities, which are accounted on accrual basis as expenses in the statement of Profit and Loss. The Company has no obligation other than the contribution payable to the provident fund.

c) Defined Benefit Plan

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on an independent actuarial valuation using the projected unit credit method, carried out as at balance sheet date. The obligation determined as aforesaid less the fair value of the Plan assets is reported as a liability or assets as of the reporting date. Actuarial gain or losses are recognised immediately in the Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

Notes to the Standalone Ind AS Financial Statement

d) Other Long-Term Benefits

Provision for other long term benefits in the form of long term compensated absences (leave encashment) are accounted for on the basis as if it becomes due for payment on the last day of accounting year.

2.11 Income Tax

Tax expenses comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent it relates to the items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is recognized on timing differences, being the difference resulting from the recognition of items in the financial statements and in examining the current income tax.

Deferred tax assets are recognized on unabsorbed depreciation/business losses to the extent that there is virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized and on expenses incurred but to be allowed on payment basis as per provision of the Income Tax Act, 1961.

Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the Balance Sheet date.

2.12 Lease

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. A lease is classified at the inception date as a finance lease or an operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

Notes to the Standalone Ind AS Financial Statement

2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company 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.

Contingent Liability is disclosed in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or where no reliable estimate is possible. Contingent liabilities are not recognised in financial statements but are disclosed in notes.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in financial statements and are disclosed in notes.

2.14 Foreign Currency Transactions

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting date are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rate at date of initial transactions, are not retranslated.

In respect of forward contracts, the premium or discount on these contracts is recognized as income or expenditure over the period of the contract. Any profit or loss arising on the cancellation or the renewal of such contracts is recognized as income or expense for the year.

2.15 Impairment

Non-financial assets

The carrying amount of non- financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised as an expenses in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets.

Notes to the Standalone Ind AS Financial Statement

For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

2.16 Government Grant

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relating to an expense item is recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate are expensed. Government grants relating to asset is recognised as income in equal amounts over the useful life of the asset.

2.17 Earning Per Share (EPS)

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.18 Cash Flow Statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to the Standalone Ind AS Financial Statement

2.19 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset, until such time as the assets are substantially ready for the intended use or sale. Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs other than attributable to qualifying assets are recognised in the profit or loss in the period in which they incurred.

2.21 Financial Instruments

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and loss.

2.21.1 Financial assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

Notes to the Standalone Ind AS Financial Statement

(ii) **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

(iii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

c) Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and the Board of Directors of the company considers and maintains Marble & Granites, trading other than Marble & Granites & Other services as the Business Segments of the Company.

Notes to the Standalone Ind AS Financial Statement

2.23 Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date. 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 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Standalone Ind AS Financial Statement

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganhalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Statement of Changes in Equity

A Equity Share Capital

(Rupees in Lakhs)

Particular	Note	Amount
As on 1st April 16	12	135.15
Changes in equity share capital		-
As on 31st March 2017	12	135.15
Changes in equity share capital		-
As on 31st March 2018	12	135.15

B Other Equity

Particular	Reserve & Surplus	Items of Other Comprehensive income		TOTAL
	Retained Earning	Investments	Remeasurement of net defined benefit Plans	
Balance at 1st April 2017	6,055.80	6.79	(14.65)	6,047.93
Profit for the year/ Transfer to reserve	83.37	-	-	83.37
Fair Value through OCI	-	47.66	-	47.66
Remeasurement of defined benefit Plans	-	-	2.71	2.71
Balance as at 31 March 2018	6,139.17	54.44	(11.93)	6,181.67

Particular	Reserve & Surplus	Items of Other Comprehensive income		TOTAL
	Retained Earning	Investments	Remeasurement of net defined benefit Plans	
Balance as at 1st April 2016	6,021.47	7.74	-	6,029.21
Profit for the year/ Transfer to reserve	34.33	-	-	34.33
FMV through OCI	-	(0.96)	-	(0.96)
Remeasurement of defined benefit Plans	-	-	(14.65)	(14.65)
Balance as at 31st March 2017	6,055.80	6.79	(14.65)	6,047.93

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

PACIFIC INDUSTRIES LTD
Notes on Standalone Ind AS Financial Statement

Note 3: Property, Plant & Equipments

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018

Particulars	Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018										(Rupees in Lakhs)	
	Land	Building	Plant & Machinery	Furniture & Fixtures	Computer	Vehicles	Mining Equipments	Total	Capital Work in Progress	Intangible Assets - Software	Grand Total	
Gross Carrying value as at April 1, 2017	329.82	1,631.52	7,065.41	128.10	56.26	607.34	1,205.04	11,023.50	361.14	0.38	11,385.01	
Additions	-	0.21	375.26	5.20	2.59	-	-	383.26	1,305.25	-	1,688.51	
Deletions	-	-	-	-	-	79.22	-	79.22	717.59	-	796.82	
Gross Carrying value as at March 31, 2018	329.82	1,631.73	7,440.67	133.30	58.85	528.12	1,205.04	11,327.54	948.79	0.38	12,276.71	
Accumulated depreciation as at April 1, 2017	-	670.30	5,888.37	87.78	47.59	475.46	1,108.97	8,278.47	-	0.35	8,278.82	
Depreciation	-	69.39	209.96	13.11	2.47	36.56	13.91	345.40	-	0.02	345.41	
Accumulated depreciation on deletions	-	-	-	-	-	67.41	-	67.41	-	-	67.41	
Accumulated depreciation as at March 31, 2018	-	739.69	6,098.33	100.89	50.06	444.61	1,122.87	8,556.45	-	0.36	8,556.82	
Net Carrying Value as at March 31, 2018	329.82	892.04	1,342.34	32.41	8.79	83.51	82.17	2,771.09	948.79	0.02	3,719.89	
Net Carrying Value as at March 31, 2017	329.82	961.23	1,177.04	40.32	8.67	131.87	96.08	2,745.02	361.14	0.03	3,106.19	

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017										
Particulars	Tangible Assets								(Rupees in Lakhs)	
	Land	Building	Plant & Machinery	Furniture & Fixtures	Computer	Vehicles	Mining Equipment	Total	Capital Work in Progress	Intangible Assets - Software
Gross Carrying value as at April 1, 2016	329.82	1,630.51	7,077.08	125.60	52.42	591.77	1,205.04	11,012.24	30.38	0.38
Additions	-	1.02	45.33	2.50	3.85	16.12	-	68.82	361.33	-
Deletions	-	-	57.00	-	-	0.56	-	57.56	30.58	-
Gross Carrying value as at March 31, 2017	329.82	1,631.52	7,065.41	128.10	56.26	607.34	1,205.04	11,023.50	361.14	0.38
Accumulated depreciation as at April 1, 2016	-	593.25	5,750.16	71.29	44.18	416.58	1,089.43	7,964.89	-	0.32
Depreciation	-	77.05	192.36	16.49	3.41	59.27	19.54	368.12	-	0.03
Accumulated depreciation on deletions	-	-	54.15	-	-	0.39	-	54.54	-	-
Accumulated depreciation as at March 31, 2017	-	670.30	5,888.37	87.78	47.59	475.46	1,108.97	8,278.47	-	0.35
Net Carrying Value as at March 31, 2017	329.82	961.23	1,177.04	40.32	8.67	131.87	96.08	2,745.02	361.14	0.03
Net Carrying Value as at April 1, 2016	329.82	1,037.26	1,326.92	54.31	8.23	175.19	115.62	3,047.34	30.38	0.06
Particulars	2017-18	2016-17								
Depreciation for the Year	345.41	368.14								
Less : Transferred to Pre-Operative Expense	12.19	-								
Net Depreciation for the Year	333.22	368.14								

Pacific Industries Limited

Notes on Standalone Ind AS Financial Statement

Note-4 Financial Asset : Investment

(Rupees in Lakhs)

Particular	Long Term			Short Term		
	31-Mar-18	31-Mar-17	1-Apr-16	31-Mar-18	31-Mar-17	1-Apr-16
I. Investment in Equity Instruments						
Quoted						
(A) Designated and carried at FVTOCI						
400 Equity Shares of Federal Bank Ltd. of Rs. 10/- each Fully Paid-up	0.36	0.37	0.18	-	-	-
100 Equity Shares of Liberty Shoes Ltd. of Rs. 10/- each Fully Paid-up	0.19	0.17	0.14	-	-	-
2400 Equity Shares of Bharat Immunologicals Biologicals Corporation Limited of Rs. 10/- each Fully Paid-up	0.47	0.54	0.44	-	-	-
3200 Equity Shares of Bajaj Finance Ltd. of Rs. 10/- each Fully Paid-up	56.63	7.04	8.32	-	-	-
II. Investment in Government Securities						
National Saving Certificate (Pledge with the Govt.)	0.40	0.40	0.40	-	-	-
III. Investment in Subsidiary Companies						
100000 Shares of Gaze Fashiontrade Ltd of Rs. 10/- each Fully Paid-up	10.00	10.00	-	-	-	-
100000 Shares in Gist Minerals Technologies Ltd of Rs. 10/- each Fully Paid-up	10.00	10.00	-	-	-	-
IV. Other Investment						
(A) Designated and carried at FVTOCI						
Investment in IFCI Portfolio	8.51	2.61	1.19	-	-	-
(B) Measured at Amortised Cost(Unquoted)						
Gamut Tradecom LLP (19% Share in Profit/Loss)	6.00	-	-	-	-	-
Total	92.56	31.14	10.67	-	-	-

Note 4.1 Fair Value of Investments in Unquoted securities/other interest in Gamut Tradecom LLP has been determined on the basis of the latest available audited financial statements of the respective investment.

Note-5 Financial Asset :Loans & Advances

Particular	Long Term			Short Term		
	31-Mar-18	31-Mar-17	1-Apr-16	31-Mar-18	31-Mar-17	1-Apr-16
Unsecured Considered Good						
Deposits & Other Recoverables	150.56	172.28	153.86	0.50	8.13	1.14
Duties & Taxes Under Protest	-	-	-	95.38	62.15	60.68
Advance to Subsidiaries & Step-down Subsidiaries	-	-	-	821.24	854.82	-
Total	150.56	172.28	153.86	917.12	925.10	61.82

Note-6 Other Asset

Particular	Long Term			Short Term		
	31-Mar-18	31-Mar-17	1-Apr-16	31-Mar-18	31-Mar-17	1-Apr-16
Pre operative & Mining Development	173.78	100.25	122.80	-	-	-
Cenvat & Input tax credit	-	-	-	145.99	122.69	154.25
Advance to Vendors	-	-	-	408.63	346.20	377.94
Advance to others	-	-	-	7.73	86.64	64.41
Advance against expenses	-	-	-	17.17	18.02	9.42
TDS/TCS Receivable	-	-	-	60.82	21.86	10.30
Prepaid expenses	-	-	-	9.96	4.26	5.92
Advance Income Tax	-	-	-	-	-	6.00
Total	173.78	100.25	122.80	650.30	599.66	628.24

Note-7 Inventories

Particular	31-Mar-18	31-Mar-17	1-Apr-16
(Valued at lower of cost and net realizable value)			
Raw materials	1,446.22	1,577.10	1,617.70
Work-in-progress;	187.65	154.56	305.63
Finished goods;	3,233.28	3,295.11	3,074.64
Consumable Stores and spares;	605.05	549.26	501.24
Scrap	80.28	81.59	88.62
Total	5,552.48	5,657.62	5,587.82

Note - 7.1 Particulars of Inventory	31-Mar-18	31-Mar-17	1-Apr-16
Manufactured Goods			
Granite Slabs			
Polished/Cut to Size	3225.64	3226.47	3017.15

Blocks	5.60	66.59	55.44
<u>Natural Sandstone</u>			
Polished	2.05	2.05	2.05
Total	3233.28	3295.11	3074.64
Work-in-Progress			
Unpolished Granite Slabs	187.65	154.56	305.63
Total	187.65	154.56	305.63

Note-8 Trade Receivable

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Unsecured, considered good unless stated otherwise			
Others	2,986.87	2,038.91	2,345.92
Total	2,986.87	2,038.91	2,345.92

Note-9 Cash & Cash Equivalents

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Cash and Cash Equivalents			
Balances with banks	74.10	56.83	118.35
Cash on Hand	30.18	32.80	55.27
Total	104.28	89.63	173.61

Note-10 Other Bank Balances

Particulars	31-Mar-18	31-Mar-17	1-Apr-16
Other Bank Balances (Earmarked)			
Balances with banks held as Margin Money on ILC/FLC/BG and other commitments	559.73	125.67	119.89
Total	559.73	125.67	119.89

Note-11 Other Financial Asset

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Other Receivables	3.63	3.63	3.63
Accrued Interest	3.65	3.82	3.82
Total	7.28	7.45	7.45

Note-12 Equity Share Capital

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Authorised			
25000000 Equity Shares of Rs. 10 each	2,500.00	2,500.00	2,500.00
(P.Y.25000000 Equity Shares of Rs. 10 each)			
Issued, Subscribed & Paid-up			
(1,351,500 Equity Shares	135.15	135.15	135.15
of Rs. 10/-each, fully paid up)			
(P.Y.(1,3,51,500 Equity Shares			
of Rs. 10/-each, fully paid up)			
Total	135.15	135.15	135.15

Note 12.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31-Mar-2018		31-Mar-2017		1-Apr-2016	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the period	13,51,500	135.15	13,51,500	135.15	13,51,500	135.15
Issued during the period	-	-	-	-	-	-
Bought back during the period	-	-	-	-	-	-
Outstanding at the end of the period	13,51,500	135.15	13,51,500	135.15	13,51,500	135.15

Note 12.2 Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 12.3 Details of Shareholders holding more than 5% equity shares in the Company

Shareholder	31-Mar-18		31-Mar-17		1-Apr-2016	
	Number	% Holding	Number	% Holding	Number	% Holding
Promoters and Promoter Group						
Geeta Devi Agarwal	1,90,421	14.09	1,90,421	14.09	1,90,421	14.09
Kapil Agarwal	1,35,635	10.04	1,35,635	10.04	1,35,635	10.04
	3,26,056	24.13	3,26,056	24.13	3,26,056	24.13

Note-13 Other Equity*

Description and nature of other equity:-

Retained Earnings: It represents the surplus amount available in profit and loss as retained earnings. The reserve can be distributed/ utilised by the company in accordance with the Companies Act,2013

Other Comprehensive Income: It represent the actuarial gain or loss arising from the measurement of defined benefit obligation and fair value measurement of investments.

* Quantitative data mentioned in statement of changes in equity

Note-14 Long Term Borrowings

Particular	Non Current Portion			Current Maturities		
	31-Mar-18	31-Mar-17	1-Apr-16	31-Mar-18	31-Mar-17	1-Apr-16
<u>LOANS - SECURED</u>						
(i) <i>Vehicle Loan</i>						
HDFC Bank	0.21	1.31	74.67	1.09	26.49	-
(ii) <i>Term Loan</i>						
HDFC Bank	252.20	444.07	489.21	414.13	271.89	104.54
<u>LOANS - UNSECURED</u>						
(i) <i>From Related parties</i>						
From Directors	1,039.49	1,496.76	842.85	-	-	-
From Companies (Step-down Subsidiaries)	1,656.00	779.07	1,229.83	-	-	-
From Other Companies	1,217.75	540.01	-	-	-	-
(ii) <i>From other than Related parties</i>						
From Companies	5.89	5.45	250.96	-	-	-
<u>Securities Deposits from customers</u>	22.28	22.28	22.28	-	-	-
Total	4,193.82	3,288.94	2,909.80	415.22	298.39	104.54
The above amount includes						
Secured borrowings	252.42	445.38	563.88	415.22	298.39	104.54
Unsecured Borrowings	3,941.41	2,843.56	2,345.92	-	-	-
Amount Disclosed under Current Maturities of Long term Borrowing Under Note No.19	-	-	-	(415.22)	(298.39)	(104.54)
Total	4,193.82	3,288.94	2,909.80	-	-	-

(a) Loans from HDFC Bank for Vehicles carries interest @ 10%. The loans are repayable in 36 monthly installments and the loans are secured by hypothecation of respective assets.

(b) Term loan from HDFC bank carries Interest @ Base Rate+1.65% (Current Base rate is 8.90 %) is secured by mortgage on property situated at village Bedla, District Udaipur and with respective Plant & Machinery and personal guarantee of some of directors of the company and the Loan is repayable in 66 monthly installments.

Note-15 Provisions

Particular	Long Term			Short Term		
	31-Mar-18	31-Mar-17	1-Apr-16	31-Mar-18	31-Mar-17	1-Apr-16
(a) Provision for Employees Benefit						
(i) Provision for Gratuity	204.49	187.71	175.38	38.02	28.91	-
(ii) Provision for Leave Encashment	-	-	-	35.19	32.92	28.37
(iii) Provision for Bonus & Ex-gratia	-	-	-	41.44	37.10	37.06
Total	204.49	187.71	175.38	114.65	98.93	65.43

Note 15.1 The company has made provision for gratuity based on actuarial valuation determined by Independent Actuary in accordance with IND AS-19.

Note-16 Deferred Tax Liability (Net)

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Deferred Tax Liability	-	-	-
Deferred Tax Assets	-	-	-
Total	-	-	-

Note 16.1 The company has deferred tax assets however, management has not recognised deferred tax assets during the year in view of uncertainty of future Income available against such tax.

Note-17 Short-term Borrowings

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Foreign Currency Loan	1,191.44	995.65	1,067.79
Buyer's Credit - HDFC	291.24	101.30	29.61
Total	1,482.67	1,096.95	1,097.41

The above loan from HDFC Bank which carries Interest @ LIBOR+200 bps is secured by way of Hypothecation of Inventory i.e. Raw Materials, Stock in Process, Finished Goods, Stores & Spares and Book Debts, bill whether documentary or clean, outstanding monies, receivables, both present and future, equitable mortgage of properties & the facility is subject to annual renewal and it also carries an unconditional and irrevocable personal guarantees of the Whole Time Directors and property holders.

Loan from HDFC Bank for PCFC working capital is secured by way of Hypothecation of company's entire stocks (Raw material, Work in progress, Finished Goods, Consumables) & book debts.

Note-18 Trade Payable

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Sundry Creditors for Raw Material	954.26	839.33	928.79
Sundry Creditors for Expenses	124.33	116.28	137.05
Sundry Creditors for Others	184.59	252.51	224.28
Total	1,263.17	1,208.12	1,290.12

Note-19 Financial Liability - Other

(Rupees in Lakhs)

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Trade Payable for Capital Goods	475.94	-	-
Current maturities of long-term borrowings (Includes current maturities of vehicle loans)	415.22	298.39	104.54
Interest accrued but not due on Borrowings	5.16	8.00	8.92
Security deposits	10.00	0.21	0.34
Statutory Dues	27.20	78.52	20.57
Other Current Liabilities	115.12	133.27	107.16
Total	1,048.64	518.39	241.53

Note-20 Other Current Liabilities

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Advances from Customers	270.25	267.14	321.85
Total	270.25	267.14	321.85

Note-21 Current Tax Liability (net)

Particular	31-Mar-18	31-Mar-17	1-Apr-16
Provision for Income Tax	20.34	4.65	23.99
Total	20.34	4.65	23.99

Note-22 Revenue From Operation

Particular	31-Mar-18	31-Mar-17
<i>Sale of products</i>		
Export Sales	4,793.26	5,436.36
Domestic Sales	1,316.55	707.26
Other Operating Revenue	635.37	496.58
Revenue from Operation (Gross)	6,745.18	6,640.20

Consequent to IND AS implication the sales figures of the current period as well as last periods have been recasted.

Note 22.1 Particulars of Products Sold	31-Mar-18	31-Mar-17
(i) Export Sales		
Granite Slabs	4793.26	5436.36
(ii) Domestic Sales		
Granite Slabs	1123.68	508.94
Granite Blocks	34.13	85.58
Iron Ore	153.15	99.26
Scrap Sale	5.59	13.48

Note-23 Other Income

Particular	31-Mar-18	31-Mar-17
Royalty & DMFT Received	8.02	1.08
Profit on Sales of Assets	9.02	20.71
Interest Income	85.07	15.87
Exchange Rate Fluctuation	82.34	71.61
Insurance Claim Received	1.68	-
Miscellaneous Income	1.17	32.06
Misc. Balances Written-Off	4.05	38.06
Total	191.34	179.39

Note-24 Cost of Materials Consumed

Particular	31-Mar-18	31-Mar-17
Raw Materials Consumed		
Opening Stock	1,577.10	1,617.70
Add: Purchases	2,105.49	2,087.82
	3,682.60	3,705.53
Less: Closing Stock	1,446.22	1,577.10
Cost of Material Consumed	2,236.37	2,128.42

Note 24.1 Particulars of Raw Materials Consumption		
Granite Block	2,236.37	2,128.42

Note-25 Purchase of Stock-in-Trade

Particulars	31-Mar-18	31-Mar-17
Trading Purchase	230.05	365.64
Total	230.05	365.64

Note-26 Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Particular	31-Mar-18	31-Mar-17
Opening Stock		
Work-in-Progress	154.56	305.63
Finished Goods	3,295.11	3,074.64
Scraps	81.59	88.62
Total [I]	3,531.26	3,468.88
Closing Stock		
Work-in-Progress	187.65	154.56
Finished Goods	3,233.28	3,295.11
Scraps	80.28	81.59
Total [II]	3,501.20	3,531.26
Change in inventories Total [I-II]	30.05	(62.37)

Note-27 Employee Benefits Expense

Particular	31-Mar-18	31-Mar-17
Salaries, Wages and Bonus	729.18	652.64
Contribution to Provident and other funds	138.78	113.02
Staff Welfare Expenses	42.61	40.86
Total	910.57	806.52

Note-28 Finance Cost

Particular	31-Mar-18	31-Mar-17
Bank Charges	13.17	18.46
Interest on Term Loan	81.74	94.96
Interest On PCFC	11.23	10.06
Interest on Other	1.33	0.06
Interest On Unsecured Loan	229.69	96.95
Total	337.16	220.49

Note-29 Depreciation and Amortisation Expenses

Particular	31-Mar-18	31-Mar-17
Depreciation	345.41	368.14
Less: Transferred to Pre-Operative Expenditure	12.19	-
Total	333.22	368.14

Note-30 Other Expenses

Particular	31-Mar-18	31-Mar-17
Manufacturing Expenses		
Consumption of Stores, Spares & Consumables	1,393.54	1,554.28
Power & Fuel Expenses	493.48	531.47
Entry Tax	2.10	12.92
Factory Expenses	4.38	13.95
Freight Charges	7.16	2.05
Slurry & Trans. Expenses	26.48	36.99
Repairs & Maintenance		
- Plant & Machineries	5.73	7.95
- Building	-	0.41
Mining expenses	1.38	0.34
TOTAL [A]	1,934.27	2,160.36
Administrative & Other Expenses		
Communication Expenses	25.65	29.64
Conveyance	8.57	8.46
Demand & Interest	16.82	5.84
Exchange Rate Fluctuation	89.00	29.96
Festival Expenses	5.04	5.00
Fees & Subscription	15.02	17.00
Gardening Expenses	0.11	0.15
Income Tax	0.32	1.51
Insurance Expenses	7.60	10.03
Legal & Professional	16.66	16.82
Loss on sale of Shares	-	0.02
Listing, RTA & Related Expenses	3.96	3.17
Medical Exp.	1.05	0.38
Mining Development Expenses W/off	5.59	-
Miscellaneous Expenses	12.39	13.72
Office Expenses		
Payment to Auditors (Refer details Below)	6.13	4.84
Penalty	2.27	1.92
Pre-operative Expenses written off	35.80	44.69
Printing & Stationary	4.36	15.32
Provision for Diminution of Investment	-	0.16
Rates & Taxes	12.10	6.39
Repairs & Maintenance (Others)	4.60	1.98
Security Service Charges	22.75	24.30
Vehicle Running & Maintenance Expenses	31.19	37.41
TOTAL [B]	335.77	293.17
SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion Expenses	2.03	3.26
Commission Expenses	20.94	15.42
Exhibition Expenses	33.79	19.53
Freight & Forwarding	305.43	317.44
Insurance - Marine	1.89	2.72
Marketing & Travelling Expenses	84.34	54.42
TOTAL [C]	448.43	412.78
GRAND TOTAL [A+B+C]	2,718.46	2,866.31

Note-30.1 Payment to Auditor

Particular	31-Mar-18	31-Mar-17
Audit Fees	4.00	2.88
Reimbursement of Expenses	2.13	1.96
Total	6.13	4.84

Note-31 Corporate Social Responsibility Expenditure

The company has incurred CSR expenses of Rs 3.72 lakhs in FY 2017-18 as compared to Rs 10.62 in the FY 2016-17.

Note-32 Income Tax Recognised in Statement of Profit or Loss

Particular	31/Mar/18	31/Mar/17
Current Tax		
In respect of Current year		
Regular Tax	-	-
MAT	20.34	4.65
MAT Credit	-	-
In respect of earlier year	-	-
Total Current tax	20.34	4.65
Deferred Tax	-	-

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	31/Mar/18	31/Mar/17
Profit before income taxes	103.71	38.98
Enacted tax rate in India	19.055%	19.055%
Computed expected tax expenses	19.76	7.43
Effect of Allowances for tax purpose	-	-
Effect of Non deductible expenses	-	-
Others	0.58	(2.78)
Tax expense recognised in Statement of Profit and Loss	20.34	4.65

Note-33 Earning Per Share

Particulars	31/Mar/18	31/Mar/17
Profit after tax	83.37	34.33
Weighted average no. of Equity Share Outstanding	13,51,500	13,51,500
Nominal value of Ordinary share (INR)	10.00	10.00
Basic & diluted earning per share (INR)	6.17	2.54

Note-34 Lease

The company has taken mines on Operating Lease from "Department of Mines & Geology" and minimum yearly rental is being paid which is adjusted against royalty amount, if payable.

Note-35 Employee Benefit
(A) Defined Contribution Plan:-

The Company operates defined contribution retirement benefit plans for all qualifying employees. Contributions are made to registered provident fund and Employee state insurance administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	31/Mar/18	31/Mar/17
Contribution to provident fund and other fund recognised in Statement of Profit and Loss	83.16	50.30

(B) Defined Benefit Plan:-
Gratuity

In accordance with the provisions of Payment of Gratuity Act, 1972, the company has defined benefit plan which provides for gratuity payment. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the year of employment with the company. The company's gratuity plan is an unfunded plan.

These plans typically expose the Company to actuarial risks such as: Actuarial Risk, Investment Risk, Liquidity Risk, Market Risk & Legislative Risk:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience : Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk :

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

No other post-retirement benefits are provided to the employees.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by a certified actuary of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Assumptions:

The principal assumptions used for the purposes of the actuarial valuations are given below:

Particulars	31/Mar/18	31/Mar/17
Discount Rate	7.55%	7.25%
Future Salary growth rate	6.00%	6.00%
Rate of Return on Plan Assets	-	-
Mortality table used Indian Assured Lives Mortality (2006-08) Ultimate	10% at younger ages reducing to 2% at older ages	

Projected Benefit Obligation

Particulars	31/Mar/18	31/Mar/17
Projected benefit Obligation at beginning of the year	216.62	175.38
Interest Cost	5.37	12.78
Current Service Cost	18.24	14.22
Past Service Cost	15.19	-
Actuarial (Gain)/Loss	(2.71)	14.65
Benefits paid	(10.20)	(0.41)
Projected benefit Obligation at end of the year	242.52	216.62

Amount recognised in the Balance Sheet:

Particulars	31/Mar/18	31/Mar/17
Amount recognised in the Balance Sheet:		
Projected benefit Obligation at end of the year	242.52	216.62
Fair Value of Plan Assets as at year end	-	-
Net (Asset)/Liability recognized in the Balance Sheet	242.52	216.62

Cost of the defined benefit plan for the year:

Particulars	31/Mar/18	31/Mar/17
Current Service Cost	18.24	14.22
Interest Cost	5.37	12.78
Past Service Cost	15.19	-
Expected Return on plan Asset	-	-
Components of defined benefit cost recognised in the Statement of Profit & Loss	38.80	27.01

Remeasurement on the net defined benefit liability:

Experience Adjustment

Particulars	31/Mar/18	31/Mar/17
Present value of defined benefit obligation	242.52	216.62
Fair Value of plan assets	-	-
Balance Sheet (Liability)/ Asset	242.52	216.62
P&L (Income)/ expenses	33.39	56.30
Experience adjustment on plan liabilities (gain)/ loss	6.26	4.72
Experience adjustment on plan assets gain/ (loss)	-	-

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation are given below:

Particulars	Increase	Decrease
Discount rate - 0.5%	233.73	251.90
Salary Growth rate - 0.5%	251.59	233.89
Withdrawal rate - 10%	243.73	241.22

Leave Encashment

Compensated absence liability recognised as expense for the year is Rs. 16.73 Lakhs (Previous Year Rs. 17.07 Lakhs). The said amount has been calculated by the management. It has been calculated on the basis of leaves accumulated during the year other relevant factors.

Note-36 Capital Management

The capital structure of the Company consists of net debt and total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Company's risk management committee reviews the capital structure of the Company considering the cost of capital and the risks associated with each class of capital.

Note-37 Related Party Disclosures

The Company has made the following transactions with related parties as defined under the provisions of Indian Accounting Standard-24 issued by the Institute of Chartered Accountants of India & notified by MCA under Companies (Indian Accounting Standard) Rules, 2015, as amended.

List of related parties with whom transaction have takenplace during the year along with the nature and volume of transaction is given below from 01.04.2017 to 31.03.2018.

Particulars	Relation
Directors & Key managerial persons & their associate concerns	
Jagdish Magniram Agarwal	Managing Director
Kapil Jagdish Agarwal	Executive Director
Geetadevi Agarwal Agarwal	Non Executive Director
Sagarmal Agarwal	Non Executive Independent Director
Jayanti Oza	Non Executive Independent Director
Vinod Choudhary	Non Executive Independent Director
Sumeet Agarwal	Non Executive Director
Enterprises owned/controlled by directors & their relatives	Relations with Directors
Geetanjali Marble	Director is Partner in the Firm
Krishna Marble	Director is Partner in the Firm
Ojaswi Marble & Granites P Ltd	Director is the Director of the Company
Pacific Exports	Director is Partner in the Firm
Pacific Leasing And Research Ltd	Director is the Director of the Company
Rahul Marble Private Limited	Director is the Director of the Company
Yash Processors P Ltd	Director is the Director of the Company
Gaze Fashiontrade Limited	Subsidiary of Pacific Industries Ltd
Gist Minerals Technologies Limited	Subsidiary of Pacific Industries Ltd
Biswas Solar Instrument Private Limited	Subsidiary of Gaze Fashiontrade Limited
Saha Coloured & Flavour Spirit Manufacturer Pvt Ltd	Subsidiary of Gist Minerals Technology Limited
Blood Hound Security Company Pvt Ltd	Subsidiary of Gaze Fashiontrade Limited
Radhika Vyapaar Pvt Ltd	Subsidiary of Gaze Fashiontrade Limited
Geetanjali Investech Holding India Pvt Ltd	Director is the Director of the Company
M R Agarwal Holding LLP	Director is Partner in the LLP
Maheshwari Financial Services Ltd	Director is the Director of the Company
Pacific Iron Manufacturing Ltd	Director is the Director of the Company
Geetanjali Infosystems Pvt Ltd	Director is the Director of the Company
Bhola Motors Finance Pvt Ltd	Director is the Director of the Company
Gamut Tradecom LLP	Director is Partner in the LLP

Transactions with Key management persons

Nature of transaction	31/Mar/18	31/Mar/17
Remuneration	48.00	48.00
Employer's Contribution to Provident Fund	5.76	5.76
Loan Outstanding as 31st march (Liabilities)	1,039.49	1,496.76

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

Remuneration	31/Mar/18	31/Mar/17
Kapil Agarwal	24.00	24.00
J.P. Agarwal	24.00	24.00

Employer's Contribution to Provident Fund	31/Mar/18	31/Mar/17
Kapil Agarwal	2.88	2.88
J.P. Agarwal	2.88	2.88

Loan outstanding as 31st march (Liabilities)	31/Mar/18	31/Mar/17
Geeta Devi Agarwal	280.82	430.82
Kapil Agarwal	744.42	616.75
J.P. Agarwal	14.24	449.19

Transactions with Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	31/Mar/18	31/Mar/17
Purchase	443.09	321.51
Sales	1.89	27.32
Interest Received	69.06	-
Interest Paid	230.29	95.58
Trade Payables	150.67	68.90
Advance outstanding as on 31st March (Assets)	824.68	862.29
Loan Outstanding as 31st March (Liabilities)	3,023.14	1,475.05
Investments	6.00	20.00

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

<u>Purchase</u>		
Krishna Marble	181.03	259.69
Rahul Marbles Private Limited	69.09	-
Pacific Iron Manufacturing Ltd	120.89	-
Pacific Exports	-	56.85
Others (Below 10%)	72.07	4.97
<u>Sales</u>		
Rahul Marbles Private Limited	1.89	27.32

(Rupees in Lakhs)

<u>Interest received</u>		
Gist minerals technologies Ltd	61.04	-
Gaze Fashion Trade Ltd	8.01	-
<u>Interest Paid</u>		
Saha coloured and flavour manufacturer pvt ltd	49.59	51.69
Bhola Motor Finance Pvt Ltd	158.24	12.67
Radhika Vyaapar Pvt Ltd	20.43	30.26
Others (Below 10%)	2.03	0.96
<u>Trade Payable</u>		
Pacific Iron Manufacturing Ltd	120.89	-
Krishna Marble	4.45	60.34
Rahul Marbles Private Limited	-	7.93
Saha coloured and flavour manufacturer pvt ltd	25.12	-
Others (Below 10%)	0.21	0.64
<u>Advance Outstanding (Assets)</u>		
Gist Minerals Technologis Ltd	725.60	671.41
Gaze Fashion Trade Ltd	69.62	183.41
Others (Below 10%)	29.47	7.47

<u>Loan Outstanding (Liabilities)</u>		
Yash processors Pvt Ltd	149.39	149.39
Radhika Vyapaar Pvt Ltd	62.09	230.30
Saha coloured and flavour manufacturer Pvt. Ltd.	818.51	548.76
Bhola Motor Finance Pvt Ltd	1,192.63	522.67
Biswas Solar Instruments Pvt Ltd	800.52	-
Others (Below 10%)	-	23.93
<u>Investments</u>		
Gist Minerals Technologis Ltd	-	10.00
Gaze Fashion Trade Ltd	-	10.00
Gamut Tradecom LLP	6.00	-

Note-38 Debit & Credit Balances appearing under Sundry Debtors, Loans & Advances, Unsecured Loans, Sundry Creditors are subject to confirmation & reconciliation. Adjustment, if any, in these accounts will be made as & when finally reconciled & confirmed. Trade Receivables & Trade Payables have been taken at their book value after making necessary adjustment on account of foreign exchange fluctuation except in case of some old balances lying in account.

Note-39 Contingent Liabilities/Commitments, Contingent Assets & Pending Litigations

Contingent Liabilities

(A) Claims against the company not acknowledged as debt.

A.1 Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise act against which the company has filed an appeal.

A.2 Service Tax refund claim rejection of Rs 11.02 lacs against which the company is pursuing the matter with concerned department.

A.3 The company has a total demand of Rs. 15.21 lacs for Entry Tax out of which the company has deposited Rs. 7.60 Lacs under protest. For rest of the amount of Rs 7.61 Lacs the company is pursuing the matter with concerned department.

A.4 The company has a total demand of Rs. 43.89 lacs from Sales Tax Department against which the company has deposited Rs. 21.95 Lacs under protest. For rest of the amount of Rs 21.95 Lacs the company is pursuing the matter with concerned department.

A.5 Demand Raised by the Central Excise Commissionerate of Rs 1.11 Crores against which Rs 55.96 Lacs is deposited by the company. The Said Matter has been taken to the High Court and the petition is still pending.

A.6 Demand Raised by the Central Excise Commissionerate of Rs 58.66 Lacs against which Rs 4.40 Lacs is deposited by the company against which the company has filed an appeal.

A.7 The company has a total demand of Rs. 78.39 lacs of Custom Duty out of which the company has deposited Rs. 5.88 Lacs under protest against which the company has filed an appeal.

A.8 The company has a total demand of Rs. 1095.52 Lacs (555.14 Lacs for the AY 15-16, 255.02 Lacs for AY 14-15 & 285.35 Lacs for AY 11-12) for which company has filed an appeal before CIT (Appeal) and CIT (Appeal) has given the relief by the order passed by him. The Income Tax Department has filed an appeal before ITAT against the order of CIT (Appeal). The company has deposited Rs. 28.50 Lacs under protest for the aforesaid matter.

(B) Other Contingents Liabilities

B.1 Show cause notice received from excise authorities of Rs 1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

B.2 Show Cause notice received from excise authorities of Rs 4.94 crore in respect of custom duty under the provision of Custom Act 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for - Nil

(C) Contingent Assets - Nil

Note 40: Fair Value Measurement

The following table shows the carrying amounts and fair values of Investments including their levels in the fair value hierarchy.

Financial assets	Fair Value as at			Fair Value hierarchy	Valuation techniques & key inputs used
	31/Mar/18	31/Mar/17	1/Apr/16		
Investments in quoted equity instruments at FVTOCI	66.16	10.74	10.27	Level-1	Quoted market price in an active market
Investments in unquoted instruments at Amortized Cost	26.4	20.4	0.4	Level-3	Refer Note (b)Below

There were no changes in the fair value hierarchy levels in the above periods.

(a) Upon the application of IND AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI.

(b) Investment in Subsidiaries, NSC, and LLP is Valued at Cost as the company has opted to adopt cost method as per IND AS.

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

Particulars	31-Mar-18		31-Mar-17		1-Apr-16	
	Amortised cost	Carrying value	Amortised cost	Carrying value	Amortised cost	Carrying value
Financial Assets						
(i) Trade receivables	2,986.87	2,986.87	2,038.91	2,038.91	2,345.92	2,345.92
(ii) Loans	1,067.69	1,067.69	1,097.38	1,097.38	215.69	215.69
(iii) Others	7.28	7.28	7.45	7.45	7.45	7.45
(iv) Bank Balance	74.10	74.10	56.83	56.83	118.35	118.35
Total	4,135.94	4,135.94	3,200.57	3,200.57	2,687.40	2,687.40
Financial Liabilities						
(i) Borrowings	5,676.49	5,676.49	1,096.95	1,096.95	4,007.21	4,007.21
(ii) Trade payables	1,263.17	1,263.17	1,208.12	1,208.12	1,290.12	1,290.12
(iii) Other financial liabilities	1,048.64	1,048.64	518.39	518.39	241.53	241.53
Total	7,988.31	7,988.31	2,823.47	2,823.47	5,538.86	5,538.86

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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 following methods and assumptions were used to estimate the fair values:

1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, however there is a change in the fair value of Investments the gain/loss on which has been recognised according to the accounting policies.

Note 41: Financial Risk Management

Financial risk management policy and objectives

The key objective of the Company's financial risk management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

Company's principal financial liabilities, comprise Borrowings from Banks, trade and other payables. The main purpose of these financial liabilities is to finance Company's operations and plant expansion. Company's principal financial assets include investments, trade and other receivables, deposits with banks and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board oversees the management of these risks. The Company's Board is supported by senior management team that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i) 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 price risk. Financial instruments affected by market risk include investments in equity shares, security deposits, trade and other receivables, deposits with banks and financial liabilities.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

a) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company is exposed to foreign exchange risk arising from foreign currency transactions primarily to USD & EURO. Company do not enter into any derivative instrument in order to hedge its foreign currency risks.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change by 5% in USD & EURO exchange rates, with all other variables held constant.

Financial Exposure	31-Mar-18	31-Mar-17
Financial liabilities:		
USD Converted in Rupees	1,661.57	1,105.89
EURO Converted in Rupees	430.76	34.98
Net exposure	2,092.33	1,140.87

Sensitivity Analysis

Currency	Amount in INR		5% increase		5% decrease	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
USD	1,661.57	1,105.89	83.08	55.29	(83.08)	(55.29)
EURO	430.76	34.98	21.54	1.75	(21.54)	(1.75)

(Rupees in Lakhs)

b) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to change in interest income and expense for the Company. In order to optimize the Company's position with regards to interest income & expense and to manage the interest risk, the Company performs comprehensive interest risk management by balancing the proportion of fix & variable rate financial instruments.

Particulars	31-Mar-18	31-Mar-17
Fixed rate instruments		
Fixed deposit with Banks	559.73	125.67
Borrowings		
Vehicle loans	1.31	27.80
Variable rate instruments		
Borrowings		
Term Loan (HDFC)	666.33	715.97
Foreign Currency Loan	1,191.44	995.65
Buyer's Credit	291.24	101.30

Sensitivity analysis:

A change in 50 basis point in interest rate at the reporting date would have increase/(decrease) Profit or Loss by the amount shown below.

This analysis assumes that all other variables, remain constant.

Particulars	31-Mar-18		31-Mar-17	
	Increase	Decrease	Increase	Decrease
Interest rate - increase/decrease by 50 basis point	1.46	(1.46)	0.51	(0.51)

c) Commodity Risk

Commodity risk is defined as the possibility of financial loss as a result of fluctuation in price of Raw Material/Finished Goods and change in demand of the product and market in which the company operates. The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The company forecast annual business plan and execute on monthly business plan. Raw material procurement is aligned to its monthly/annual business plan and inventory position is monitored in accordance with future price trend.

ii) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk mainly from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

Credit risk on trade receivables is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has no concentration of risk as customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as financial condition, ageing of outstanding and the Company's historical experience for customers.

a) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment Company adjust its exposure to various counterparties. Company's maximum exposure to credit risk for the components of balance sheet is the carrying amount as disclosed in Note 42.

Credit risk exposure

The following table shows the maximum exposure to the credit risk at the reporting date :

Particulars	31-Mar-18		31-Mar-17	
	Non Current	Current	Non Current	Current
Loans	150.56	917.12	172.28	925.10
Trade Receivables	-	2,986.87	-	2,038.91
Cash equivalents	-	664.01	-	215.30
Other financial assets	-	7.28	-	7.45
Total	150.56	4,575.29	172.28	3,186.76

Particulars	31/Mar/18		31/Mar/17		31/Mar/16	
	<6 months	>6months	<6 months	>6months	<6 months	>6months
Trade Receivables	1362.62	1624.26	444.27	1594.64	1505.76	840.16

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from banks at optimised cost and cash flow from operations.

The table summarises the maturity profile of Company's financial liabilities as follows:

Particulars	31-Mar-18			31-Mar-17		
	Within 1 year	>1 years	Total	Within 1 year	>1 years	Total
Borrowings	1,482.67	4,193.82	5,676.49	1,096.95	3,288.94	4,385.89
Other liabilities	1,048.64	-	1,048.64	518.39	-	518.39
Trade and other payable	1,263.17	-	1,263.17	1,208.12	-	1,208.12

Note-42 First Time Adoption of Ind AS

These are company's first standalone financial statements prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 "First Time adoption of Indian Accounting Standard", with April 01, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 42.2 and 42.3. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 42.1.

Note-42.1 Exemptions availed on first time adoption of Ind-AS 101

The Company has opted to consider the carrying value of all items of Property, plant & equipment recognised in the financial statement prepared under previous GAPP and use the same as deemed cost in the opening Ind AS balance sheet.

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Note 42.2 Equity reconciliation

Sr. No.	Particulars	Note No	Opening Balance Sheet as at April 1, 2016			Balance Sheet as at March 31, 2017		
			Indian GAAP	Ind AS Adjustments	Ind AS	Indian GAAP	Ind AS Adjustments	Ind AS
(1)	ASSETS							
	Non-current assets							
	(a) Property, Plant and Equipment		3,047.34	-	3,047.34	2,745.02	-	2,745.02
	(b) Capital work-in-progress		30.38	-	30.38	361.14	-	361.14
	(c) Intangible Assets		0.06	-	0.06	0.03	-	0.03
	(d) Financial Assets							
	(i) Investments	1	2.93	7.74	10.67	24.35	6.79	31.14
	(ii) Loans		153.86	-	153.86	172.28	-	172.28
	(e) Other non-current assets		122.80	-	122.80	100.25	-	100.25
	Total non-current assets		3,357.37	7.74	3,365.12	3,403.08	6.79	3,409.86
(2)	Current assets							
	(a) Inventories		5,587.82	-	5,587.82	5,657.62	-	5,657.62
	(b) Financial Assets							
	(i) Trade receivables		2,345.92	-	2,345.92	2,038.91	-	2,038.91
	(ii) Cash and cash equivalents		173.61	-	173.61	89.63	-	89.63
	(iii) Bank balance other than (iii) above		119.89	-	119.89	125.67	-	125.67
	(iv) Loans		61.82	-	61.82	925.10	-	925.10
	(v) Others		7.45	-	7.45	7.45	-	7.45
	(c) Other current assets		628.24	-	628.24	599.66	-	599.66
	Total current assets		8,924.75	-	8,924.75	9,444.04	-	9,444.04
	Total assets		12,282.12	7.74	12,289.87	12,847.12	6.79	12,853.91
	EQUITY AND LIABILITIES							
	Equity							
	(a) Equity Share capital		135.15	-	135.15	135.15	-	135.15
	(b) Other Equity	2	6,021.47	7.74	6,029.22	6,041.14	6.79	6,047.93
	Total equity		6,156.62	7.74	6,164.37	6,176.29	6.79	6,183.08
(1)	LIABILITIES							
	Non-current liabilities							
	(a) Financial Liabilities							
	(i) Borrowings		2,909.80	-	2,909.80	3,288.94	-	3,288.94
	(b) Provisions		175.38	-	175.38	187.71	-	187.71
	Total non-current liabilities		3,085.18	-	3,085.18	3,476.65	-	3,476.65
(2)	Current liabilities							
	(a) Financial liabilities							
	(i) Borrowings		1,097.41	-	1,097.41	1,096.95	-	1,096.95
	(ii) Trade payables		1,290.12	-	1,290.12	1,208.12	-	1,208.12
	(iii) Other financial liabilities		241.53	-	241.53	518.39	-	518.39
	(b) Other current liabilities		321.85	-	321.85	267.14	-	267.14
	(c) Provisions		65.43	-	65.43	98.93	-	98.93
	(d) Current tax liabilities (net)		23.99	-	23.99	4.65	-	4.65
	Total current liabilities		3,040.33	-	3,040.33	3,194.18	-	3,194.18
	TOTAL EQUITY AND LIABILITIES		12,282.13	7.74	12,289.87	12,847.12	6.79	12,853.91

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS:-

- 1) The company has opted to revalue its investments at fair market value as per Ind AS-109. The company has also opted to consider all investments at fair value through other comprehensive income.
- 2) Provision for Gratuity has been revalued as per the Actuarial Report.
- 3) The impact of all Ind AS adjustments have been reflected in other equity.

Note-42.3 Profit and loss reconciliation

	Particulars	Note No	Year ended March 31, 2017		
			As per Indian GAAP	Adjustments	As per IND AS
I	Revenue from Operations		6,640.20	-	6,640.20
II	Other Income		179.39	-	179.39
III	Total Revenue(I+II)		6,819.59	-	6,819.59
IV	EXPENSES				
	Cost of Material Consumed		2,128.42	-	2,128.42
	Purchase of Stock in Trade		365.64	-	365.64
	Changes in inventories of finished goods, Work in progress & Stock in Trade		(62.37)	-	(62.37)
	Employee benefit expense		821.17	(14.65)	806.52
	Finance cost		220.49	-	220.49
	Depreciation expense		368.14	-	368.14
	Other expense		2,866.31	-	2,866.31
	Excise on Sales		87.46	-	87.46
	Total expense		6,795.27	(14.65)	6,780.61
V	Profit before exceptional items and tax (III-IV)		24.32	14.65	38.98
VI	Exceptional items		-	-	-
VII	Profit before tax (V-VI)		24.32	14.65	38.98
	Tax expense :				
	Current tax		4.65	-	4.65
	Deferred tax		-	-	-
VIII	Profit of the year		19.67	14.65	34.33
IX	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	1	-	(15.61)	(15.61)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
	(iii) Items that will be reclassified to profit or loss		-	-	-
	(iv) Income tax relating to items that will be reclassified to profit or loss		-	-	-
	Total Comprehensive Income(VIII+IX)		19.67	(0.97)	18.72

Note : 43 SEGMENT REPORTING :

Company has considered business segment as the primary segment for disclosure. The business segments are Marble & Granite, Trading other than Marble & Granite & Other Services

S. No.	PARTICULARS	FOR THE YEAR ENDED	
		31.03.2018	31.03.2017
1	Segment Revenue		
	A.Marble & Granites(Net)	5978.12	6044.36
	B. Trading Other than Marble & Granite	153.15	99.26
	C.Others Services	613.91	397.68
	Revenue From Operations(Including Other Income)	6745.18	6541.30
2	Segment Results		
	Profit/Loss Before Charging Unallocable Expenditures		
	A.Marble & Granites	(91.58)	(145.07)
	B. Trading Other than Marble & Granite	39.15	47.36
	C.Others Services	493.30	357.18
	Unallocable Expenses (Tax+Finance Cost)	357.50	225.14
	Net Result	83.37	34.33
3	Segment wise capital employed (Segment Assets- Segment Liabilities)		
	A.Marble & Granites	9980.69	9332.90
	B. Trading Other than Marble & Granite	41.54	1.81
	C.Others Services	488.42	137.31
	Total	10510.65	9472.02

44 **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 for following standards to be effective from 1 April 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

45 The previous year's figures have been regrouped, rearranged and reclassified to conform to current year Ind-AS presentation requirements.

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Independent Auditor's Report

To
The Members of
PACIFIC INDUSTRIES LIMITED,

Report on the Consolidated Financial Statements

We have audited the accompanying Ind As Consolidated Financial Statements of **Pacific Industries Limited** ("hereinafter referred to as the 'Holding Company' or the 'Company'), which comprise the consolidated Balance Sheet as at March 31, 2018, and the consolidated Statement of Profit and Loss, including the statement of Other Comprehensive Income, the consolidated cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors and the respective board of Directors/Management of the Subsidiaries and Step Down Subsidiaries is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including Other Comprehensive Income, consolidated cash flows and the consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

We did not audit the financial statements of six subsidiaries (including four step down subsidiaries) included in the consolidated financial results, whose consolidated Ind AS financial statements reflect total assets of Rs. 30373.59 Lacs as at 31st March 2018; as well as the total revenue of Rs. 653.50 Lacs as at 31st March 2018. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial results include the financial results of the following entities:

- a. Gist Minerals Technologies Limited
- b. Gaze Fashiontrade Limited
- c. Radhika Vyapaar Private Limited
- d. Biswas Solar Instrument Private Limited
- e. Blood Hound Security Company Private Limited
- f. Saha Coloured & Flavour Spirit Manufacturer Private Limited

Basis for Qualified Opinion

Refer Note No. 38 of Notes on Consolidated Ind AS Financial Statements regarding confirmation & reconciliation of various Debit and Credit balances appearing under various

heads & non-provision of exchange fluctuation w.r.t certain old balances. Final reconciliations/confirmations of the same may affect our disclosure.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit (including other comprehensive income), change in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31st March 2017 included in the financial statements, are based on the previously published Consolidated financial results/statements for the said periods prepared in accordance with the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India audited by predecessor auditor and whose audit report for the year ended 31st March 2017 dated 30th May 2017 expressed an modified opinion, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which has not been audited by us.

Our Opinion is not modified in respect of above matters.

Report on Other Legal & Regulatory Requirement

1. The report does not include a statement on the matters specified in paragraph 3 & 4 of 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, since in our opinion the said order is not applicable to the presentation of Consolidated Financial Statements.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The consolidated balance sheet, the consolidated statement of profit and loss including Other Comprehensive Income, the consolidated cash flow statement and Consolidated Statement of Changes in Equity dealt with by this Report are in

- agreement with the books of account;
- d. In our opinion, the aforesaid Ind AS consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors of the Company and the reports of the auditors of its subsidiaries companies incorporated in India, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. As required under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, on the Internal Financial Control over Financial Reporting to the extent applicable, refer our separate report in Annexure I and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The effect of pending litigations (if any) are disclosed by way of Note in the Consolidated Ind AS Financial Statements. Refer Note 39 to the Ind AS financial statements;
 - ii. The Company and its Subsidiaries did not have any long-term contract including derivatives contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For Ravi Sharma & Company
Chartered Accountants
FRN: 015143C

Sd/-
CA Paras Bhatia)
Partner
M.No. 418196

Date: 30th May 2018
Place: Udaipur

Annexure I to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, We have audited the internal financial controls over financial reporting of Pacific Industries Limited (hereinafter referred to as "the holding Company"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

Refer Note No. 38 of Notes on Consolidated Ind AS Financial Statements regarding confirmation & reconciliation of various Debit and Credit balances appearing under various heads & non-provision of exchange fluctuation w.r.t certain old balances. Final reconciliations/confirmations of the same may affect our disclosure.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the company has maintained, in all material respects, adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Ravi Sharma & Company
Chartered Accountants
FRN: 015143C

Sd/-
(Paras Bhatia)
Partner
M.No.: 418196

Date: 30th May 2018
Place: Udaipur

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganhalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriestd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Consolidated Balance Sheet as at 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant & Equipment	3	2,771.09	2,745.02
	(b) Capital work-in-progress	3	948.79	361.14
	(c) Other Intangible Asset	3	0.02	0.03
	(d) Financial Assets			
	(i) Investments	4	6,798.28	5,349.60
	(ii) Loans & Advances	5	6,500.29	3,651.28
	(e) Other non-current assets	6	174.27	101.09
	Total Non-current Asset		17,192.73	12,208.17
(2)	Current assets			
	(a) Inventories	7	5,552.48	5,657.62
	(b) Financial Assets			
	(i) Investments	4	886.78	313.19
	(ii) Trade Receivable	8	5,675.34	4,754.47
	(iii) Cash and Cash equivalents	9	175.72	357.89
	(iv) Other Bank Balances	10	559.73	125.67
	(v) Loans & Advances	5	3,310.21	5,664.58
	(vi) Other Financial Asset	11	8,397.98	10,920.44
	(c) Other current assets	6	752.10	679.47
	Total Current Asset		25,310.34	28,473.33
	Total Assets		42,503.07	40,681.50
II.	EQUITY AND LIABILITIES			
(1)	EQUITY			
	(a) Equity Share capital	12	135.15	135.15
	(b) Other Equity	13	31,360.47	31,382.73
	Total Equity		31,495.62	31,517.88
(2)	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	2,537.82	2,509.87
	(b) Provisions	15	204.49	187.71
	(c) Deferred tax liabilities (Net)	16	-	-
	Total Non-current Liabilities		2,742.31	2,697.58
(3)	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	17	1,482.67	1,096.95
	(ii) Trade Payables	18	4,774.20	4,131.07
	(iii) Other Financial Liabilities	19	1,594.41	852.99
	(b) Other current liabilities	20	270.25	267.14
	(c) Provisions	15	114.65	98.93
	(d) Current tax liabilities (net)	21	28.94	18.97
	Total Current Liabilities		8,265.12	6,466.04
	Total Liabilities		11,007.43	9,163.62
	Total Equity and Liabilities		42,503.07	40,681.50

Significant accounting Policies

Notes Forming Part of Financial Statements

1 & 2

1 to 46

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Pacific Industries Limited

Regd Office: Survey No. 13, N. H. 48, Kempalinganhalli, Nelamangala Taluk,
Bangalore (Rural) ,Bengaluru ,Karnataka ,562123, Phone:0294-2440933
Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com,
CIN: L14101KA1989PLC062041

Consolidated Statement of Profit & Loss for the Year ended on 31st March 2018

(Rupees in Lakhs)

S. No.	Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	Revenue from operations	22	6,795.99	9,588.83
II.	Other income	23	629.17	681.57
III.	Total Revenue (I + II)		7,425.16	10,270.40
IV.	Expenses:			
	Cost of Materials Consumed	24	2,212.24	2,128.42
	Purchases of Stock-in-Trade	25	291.73	3,576.56
	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	30.05	(62.37)
	Employee Benefits Expense	27	910.84	806.52
	Finance costs	28	266.37	138.73
	Depreciation and amortization expense	29	333.49	368.41
	Other expenses	30	3,279.36	3,152.11
	Excise on Sales		36.92	87.46
	Total expenses		7,361.00	10,195.83
V.	Profit before exceptional items and tax (III-IV)		64.16	74.57
VI.	Exceptional items		-	7.60
VII.	Profit before tax (V- VI)		64.16	66.97
VIII.	Tax expense:			
	(1) Current tax	32	28.94	14.02
	(2) Deferred tax	32	-	-
	Total Tax Expenses		28.94	14.02
IX.	Profit (Loss) for the period		35.22	52.95
	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified subsequently to profit or loss		(57.46)	457.22
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
(b)	(i) Items that will be reclassified subsequently to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss		-	-
	Total Other Comprehensive income		(57.46)	457.22
	Total Comprehensive Income for the year		(22.24)	510.16
X.	Earnings per equity share:			
	(1) Basic	33	2.61	3.92
	(2) Diluted	33	2.61	3.92

Significant accounting Policies

1 & 2

Notes Forming Part of Financial Statements

1 to 46

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Pacific Industries Limited

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 CIN: L14101KA1989PLC062041

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(Rupees in Lakhs)

Particulars		Year ended 31st March 2018	Year ended 31st March 2017
A.	Cash flow from Operating Activities		
	Profit before income tax	64.16	66.97
	Adjustment for		
	Depreciation and amortisation expenses	333.49	368.41
	Pre-Operative Expense	12.19	-
	Profit on sale of Fixed Assets	(9.02)	(20.71)
	Loss on sale of Investments	108.40	290.02
	Loss on FVTPL	390.50	-
	Finance Costs	253.16	120.08
	Actuarial Gain/ (Loss)	2.71	(14.65)
	Interest Income	(518.42)	(517.70)
	Change in operating assets and liabilities		
	(Increase) in Inventories	105.14	(359.92)
	(Increase)/Decrease in Trade receivables	(920.87)	2,112.67
	(Increase)/Decrease in financial assets	2,522.46	-
	(Increase)/Decrease in Loans & Advances	2,354.37	(1,748.12)
	(Increase)/Decrease in Other Current Assets	(72.63)	(11,167.66)
	Increase/(Decrease) in Provisions	32.51	50.94
	Increase/(Decrease) in Trade Payables	643.13	(1,875.58)
	Increase/(Decrease) in Other Current Liabilities	3.11	268.13
	Increase/(Decrease) in Other Financial Liabilities	624.60	-
	Cash generated from operations	5,929.00	(12,427.11)
	Income Tax paid	(18.97)	(33.36)
	Net cash flow from operating activities	5,910.03	(12,460.47)
B.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(970.92)	(399.57)
	Sale of Fixed Assets	20.82	23.73
	(Increase)/Decrease in Fixed Deposits	(434.06)	(5.78)
	(Increase)/(Decrease in Long term Loans & advances	(2,849.00)	47.34
	(Increase)/(Decrease in Other Non-current Assets	(73.45)	22.55
	(Purchase)/Sale of Investments	(2,581.35)	12,167.29
	Interest Income	518.42	517.70
	Net cash flow from investing activities	(6,369.54)	12,373.24
C.	Cash flow from financing activities		
	Increase in Long Term Borrowings	27.95	379.13
	Increase in Short Term Borrowings	502.55	(0.46)
	Finance Costs	(253.16)	(120.08)
	Net cash flow from financing activities	277.33	258.60
	Net increase / (decrease) in cash and cash equivalents	(182.17)	171.38
	Cash and cash equivalents at the beginning of the year	357.89	186.51
	Cash and cash equivalents at the end of the year	175.72	357.89

Notes Forming Part of Financial Statements

1 to 46

For and on behalf of Board of Directors
 Pacific Industries Limited

As per our Report of even date
 For Ravi Sharma & Co.
 Chartered Accountants
 (FRN 015143C)

Sd/-
 J.P. Agarwal
 (Chairman & Managing Director)
 DIN: 00386183

Sd/-
 Kapil Agarwal
 (Executive Director & CFO)
 DIN: 00386298

Sd/-
 (Paras Bhatia)
 Partner
 M.No. 418196
 Date: 30th May 2018
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 Khushbu Sethi
 Company Secretary
 PAN : GEKPS4863F

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CIN: L14101KA1989PLC062041

Notes to the Consolidated Ind AS Financial Statement for the year ended 31st March 2018

Note 1 Corporate Information

Pacific Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The company is engaged in the export, manufacturing & trading of Granite tiles & slabs and other goods and activities on commission basis.

Note 2 Significant accounting policies

The following are the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from March 31, 2017. These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

These are the company's first financial statements prepared in accordance with Ind AS. The Transition to Ind AS was carried out in accordance with 'Ind AS 101 - First-time Adoption of Indian Accounting Standards' as on the date of transition to Ind AS i.e. 1st April 2016. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. Refer Note No. 42.2 and 42.3 to the Ind AS financial Statements for description of the effect of the transition and reconciliation required as per Ind AS 101.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on 30th May 2018.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each

Notes to the Consolidated Ind AS Financial Statement

reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.3 Functional and Presentation Currency

The financial statements are prepared in Indian Rupees ("INR") which is the Company's presentation currency and the functional currency for its operations. All financial information presented in INR has been rounded to the nearest lakhs with two decimal places unless stated otherwise.

2.4 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgments and estimates relating to carrying value of assets and liabilities include useful lives of Property, plant and equipment, impairment of Property, plant and equipment, investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.5 Classification of Assets & Liabilities as Current & Non-Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.6 Recognition of Revenue and Expenditure

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is

Notes to the Consolidated Ind AS Financial Statement

being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated customers returns, rebates and other similar allowances. The following specific recognition criteria must also be met before revenue is recognized:

2.6.1 Sale of Goods

Revenue from the sale of goods is recognised, when the significant risks and rewards of ownership of the goods have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

2.6.2 Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate method. Interest income is included under the head "Other Income" in statement of profit and loss.

2.6.3 Expenses

All expenses are charged in statement of profit and loss as and when they are incurred.

2.7 Property, Plant & Equipment

Property, plant and equipment are initially recognized at cost including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

2.8 Depreciation

"Depreciation is calculated on a straight line method basis over the estimated useful lives of all the assets as prescribed in Schedule II of the Companies Act, 2013. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the Consolidated Ind AS Financial Statement

2.9 Inventory

Inventories consists of Raw Material, Work In Progress, Finished Goods , Scrap & Stores & Spares.

Inventories are valued at the lower of cost or net realisable value. Cost is determined on weighted average basis.

Raw materials & Stores & Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition on the weighted average basis.

Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity on a weighted average basis. Cost of finished goods includes other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

2.10 Employee benefits

a) **Short Term Employee Benefits**

Short-term Employee Benefits are recognised as an expense on accrual basis.

b) **Defined Contribution Plan**

The Company makes defined contribution to Provident Fund managed by Government Authorities, which are accounted on accrual basis as expenses in the statement of Profit and Loss. The Company has no obligation other than the contribution payable to the provident fund.

c) **Defined Benefit Plan**

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on an independent actuarial valuation using the projected unit credit method, carried out as at balance sheet date. The obligation determined as aforesaid less the fair value of the Plan assets is reported as a liability or assets as of the reporting date. Actuarial gain or losses are recognised immediately in the Other Comprehensive Income and reflected in retained earnings and will not be reclassified to the statement of profit and loss.

Notes to the Consolidated Ind AS Financial Statement

d) Other Long-Term Benefits

Provision for other long term benefits in the form of long term compensated absences (leave encashment) are accounted for on the basis as if it becomes due for payment on the last day of accounting year.

2.11 Income Tax

Tax expenses comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent it relates to the items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is recognized on timing differences, being the difference resulting from the recognition of items in the financial statements and in examining the current income tax.

Deferred tax assets are recognized on unabsorbed depreciation/business losses to the extent that there is virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized and on expenses incurred but to be allowed on payment basis as per provision of the Income Tax Act, 1961.

Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the Balance Sheet date.

2.12 Lease

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. A lease is classified at the inception date as a finance lease or an operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

Notes to the Consolidated Ind AS Financial Statement

2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company 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.

Contingent Liability is disclosed in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or where no reliable estimate is possible. Contingent liabilities are not recognised in financial statements but are disclosed in notes.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised in financial statements and are disclosed in notes.

2.14 Foreign Currency Transactions

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting date are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recognised using the exchange rate at date of initial transactions, are not retranslated.

In respect of forward contracts, the premium or discount on these contracts is recognized as income or expenditure over the period of the contract. Any profit or loss arising on the cancellation or the renewal of such contracts is recognized as income or expense for the year.

2.15 Impairment

Non-financial assets

The carrying amount of non- financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised as an expenses in the Statement of Profit and Loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets.

Notes to the Consolidated Ind AS Financial Statement

For the purpose of assessing impairment, assets are grouped at the lowest levels into cash generating units for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

2.16 Government Grant

Government grants are recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relating to an expense item is recognised in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate are expensed. Government grants relating to asset is recognised as income in equal amounts over the useful life of the asset.

2.17 Earning Per Share (EPS)

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.18 Cash Flow Statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to the Consolidated Ind AS Financial Statement

2.19 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset, until such time as the assets are substantially ready for the intended use or sale. Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs other than attributable to qualifying assets are recognised in the profit or loss in the period in which they incurred.

2.21 Financial Instruments

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and loss.

2.21.1 Financial assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets

(i) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order 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.

Notes to the Consolidated Ind AS Financial Statement

(ii) **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

(iii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

c) Derecognition

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and the Board of Directors of the company considers and maintains Marble & Granites, trading other than Marble & Granites & Other services as the Business Segments of the Company.

Notes to the Consolidated Ind AS Financial Statement

2.23 Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date. 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 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.24 Principles for consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, Income and expenses. Inter company transaction, balances and unrealised gains on transaction between group companies are eliminated. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.25 "Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Notes to the Consolidated Ind AS Financial Statement

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of acquirer's previously held equity instrument in the acquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquirer's Identifiable Net Assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Pacific Industries Limited

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Consolidated Statement of Changes in Equity

A Equity Share Capital

(Rupees in Lakhs)

Particular	Note	Amount
As on 1st April 16	13	135.15
Changes in equity share capital		-
As on 31st March 2017	13	135.15
Changes in equity share capital		-
As on 31st March 2018	13	135.15

B Other Equity

Particular	Reserve & Surplus		Items of Other Comprehensive income		TOTAL
	Retained Earning	Capital Reserve	Investments	Remeasurement of net defined benefit Plans	
Balance at 1st April 2017	6,074.42	24,843.34	479.62	(14.65)	31,382.73
Profit for the year/ Transfer to Retained Earnings	35.22	-	-	-	35.22
Fair Value through OCI	-	-	(60.18)	-	(60.18)
Remeasurement of Defined Benefit Plans	-	-	-	2.71	2.71
Balance as at 31 March 2018	6,109.64	24,843.34	419.44	(11.93)	31,360.47

Particular	Reserve & Surplus		Items of Other Comprehensive income		TOTAL
	Retained Earning	Capital Reserve	Investments	Remeasurement of net defined benefit Plans	
Balance as at 1st April 2016	6,021.47	-	7.74	-	6,029.21
Profit for the year/ Transfer to Retained Earnings	52.95	-	-	-	52.95
Capital Reserve on Consolidation	-	24,843.34	-	-	24,843.34
Fair Value through OCI	-	-	471.87	-	471.87
Remeasurement of Defined Benefit Plans	-	-	-	(14.65)	(14.65)
Balance as at 31st March 2017	6,074.42	24,843.34	479.62	(14.65)	31,382.73

For and on behalf of Board of Directors
Pacific Industries Limited

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

Notes to the Consolidated Ind AS Financial Statement

Note 3 :Property, Plant & Equipments

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018

Particulars	Tangible Assets						Capital Work in Progress	Intangible Assets - Software	(Rupees in Lakhs) Grand Total
	Land	Building	Plant & Machinery	Furniture & Fixtures	Computer	Vehicles	Mining Equipment \$	Total	
Gross Carrying value as at April 1, 2017	329.82	1,631.52	7,065.41	128.10	56.26	607.34	1,205.04	11,023.50	361.14
Additions	-	0.21	375.26	5.20	2.59	-	-	383.26	1,305.25
Deletions	-	-	-	-	-	79.22	-	79.22	717.59
Gross Carrying value as at March 31, 2018	329.82	1,631.73	7,440.67	133.30	58.85	528.12	1,205.04	11,327.54	948.79
Accumulated depreciation as at April 1, 2017	-	670.30	5,888.37	87.78	47.59	475.46	1,108.97	8,278.47	-
Depreciation	-	69.39	209.96	13.11	2.47	36.56	13.91	345.40	-
Accumulated depreciation on deletions	-	-	-	-	-	67.41	-	67.41	-
Accumulated depreciation as at March 31, 2018	-	739.69	6,098.33	100.89	50.06	444.61	1,122.87	8,556.45	-
Net Carrying Value as at March 31, 2018	329.82	892.04	1,342.34	32.41	8.79	83.51	82.17	2,771.09	948.79
Net Carrying Value as at March 31, 2017	329.82	961.23	1,177.04	40.32	8.67	131.87	96.08	2,745.02	361.14

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017

Particulars	Tangible Assets						Capital Work in Progress	Intangible Assets - Software	(Rupees in Lakhs) Grand Total
	Land	Building	Plant & Machinery	Furniture & Fixtures	Computer	Vehicles	Mining Equipment \$	Total	
Gross Carrying value as at April 1, 2016	329.82	1,630.51	7,077.08	125.60	52.42	591.77	1,205.04	11,012.24	30.38
Additions	-	1.02	45.33	2.50	3.85	16.12	-	68.82	361.33
Deletions	-	-	57.00	-	-	0.56	-	57.56	30.58
Gross Carrying value as at March 31, 2017	329.82	1,631.52	7,065.41	128.10	56.26	607.34	1,205.04	11,023.50	361.14
Accumulated depreciation as at April 1, 2016	-	593.25	5,750.16	71.29	44.18	416.58	1,089.43	7,964.89	-
Depreciation	-	77.05	192.36	16.49	3.41	59.27	19.54	368.12	-
Accumulated depreciation on deletions	-	-	54.15	-	-	0.39	-	54.54	-
Accumulated depreciation as at March 31, 2017	-	670.30	5,888.37	87.78	47.59	475.46	1,108.97	8,278.47	-
Net Carrying Value as at March 31, 2017	329.82	961.23	1,177.04	40.32	8.67	131.87	96.08	2,745.02	361.14
Net Carrying Value as at April 1, 2016	329.82	1,037.26	1,326.92	54.31	8.23	175.19	115.62	3,047.34	30.38

Particulars	2017-18	2016-17
Depreciation for the Year	345.41	368.14
Less : Transferred to Pre-Operative Expense	12.19	-
Net Depreciation for the Year	333.22	368.14

Notes to the Consolidated Ind AS Financial Statement

Pacific Industries Limited

Notes on Consolidated Ind AS Financial Statement

Note-4 Financial Asset : Investment

(Rupees in Lakhs)

Particular	Long Term		Short Term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
I. Investment in Equity Instruments				
Quoted				
<u>(A) Designated and carried at FVTOCI</u>				
400 Equity Shares of Federal Bank Ltd. of Rs. 10/- each Fully Paid-up	0.36	0.37	-	-
100 Equity Shares of Liberty Shoes Ltd. of Rs. 10/- each Fully Paid-up	0.19	0.17	-	-
2,400 Equity Shares of Bharat Immunologicals Biologicals Corporation Limited of Rs. 10/- each Fully Paid-up	0.47	0.54	-	-
3,200 Equity Shares of Bajaj Finance Ltd. of Rs. 10/- each Fully Paid-up	56.63	7.04	-	-
25,300 Equity shares of Indian Oil Corporation Limited of Rs. 10/- each Fully Paid-up	44.60	-	-	-
27,700 Equity shares of Indian Oil Corporation Limited of Rs. 10/- each Fully Paid-up	-	-	48.84	-
3,79,460 Equity Shares of Aadhunik Industries Limited of Rs. 10/- each Fully Paid-up	-	-	281.94	302.64
26,000 Equity Shares of Ptc India Financial Services Limited of Rs. 10/- each Fully Paid-up	-	-	6.25	-
7,979 Equity Shares of Punjab National Bank of Rs. 2/- each Fully Paid-up	-	-	7.60	-
5,950 Equity Shares of Oriental Bank Of Commerce of Rs. 10/- each Fully Paid-up	-	-	5.45	2.16
1,900 Equity Shares of Tv18 Broadcast Limited of Rs. 2/- each Fully Paid-up	-	-	1.20	-
2,000 Equity Shares of Adaani E/P of Rs. 1/- each Fully Paid-up	-	-	-	2.18
3,000 Equity Shares of National Minerals of Rs. 1/- each Fully Paid-up	-	-	-	4.13
300 Equity Shares of Sun Pharma of Rs. 1/- each Fully Paid-up	-	-	-	2.08
<u>(B) Designated and carried at FVTPL</u>				
2,25,000 Equity Shares of Supernova Advertising Limited of Rs. 10/- each Fully Paid-up	-	-	535.50	-
Unquoted				
<u>(A) Designated and carried at FVTOCI</u>				
96,500 Equity Shares of Delite Buildpro Pvt Ltd. of Rs. 10/- each Fully Paid-up	101.11	101.11	-	-
98,500 Equity Shares of Deccan Buildwell Pvt Ltd. of Rs. 10/- each Fully Paid-up	109.65	109.65	-	-

Notes to the Consolidated Ind AS Financial Statement

65,135 Equity Shares of Shephali Hotel and Resorts Pvt Ltd. of Rs. 10/- each Fully Paid-up	50.21	50.21	-	-
87,700 Equity Shares of Ruby Infratech Pvt Ltd. of Rs. 10/- each Fully Paid-up	84.49	84.49	-	-
99,800 Equity Shares of Vighnathartha Vincom Pvt Ltd. of Rs. 10/- each Fully Paid-up	110.52	110.52	-	-
74,875 Equity Shares of Divya Finlease Pvt Ltd. of Rs. 10/- each Fully Paid-up	64.14	64.14	-	-

2,86,787 units of Next Orbit RE Scheme I	2,800.00	2,842.34	-	-
II. Investment in Preference Shares (A) <u>Measured at Amortised Cost</u>				
26,00,000 Convertible Redeemable Preference Shares of Ojaswi Marble & Granite Pvt Ltd. @ Rs 76/- each	1,976.00	1,976.00		
III. Investment in Government Securities				
National Saving Certificate (Pledge with the Govt.)	0.40	0.40	-	-
IV. Other Investment (A) <u>Designated and carried at FVTOCI</u>				
Investment in IFCI Portfolio	8.51	2.61	-	-
(B) <u>Measured at Amortised Cost(Unquoted)</u>				
Gamut Tradecom LLP (19% Share in Profit/Loss)	6.00	-	-	-
Chaitanya International Minerals LLP (15% Share in Profit/Loss)	1,385.00	-	-	-
Total	6,798.28	5,349.60	886.78	313.19

Note 4.1 Fair Value of Investments in Unquoted securities/other interest in Gamut Tradecom LLP & Chaitanya International Minerals LLP has been determined on the basis of the latest available audited financial statements of the respective investment.

Note-5 Financial Asset :Loans & Advances

Particular	Long Term		Short Term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Unsecured considered goods				
Deposits & Other Recoverables	6,500.29	3,651.28	0.50	8.13
Duties & Taxes Under Protest	-	-	95.38	62.15
Other Loans and Advances	-	-	3,214.33	5,594.30
Total	6,500.29	3,651.28	3,310.21	5,664.58

Note-6 Other Asset

Particular	Long Term		Short Term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Pre operative & Mining Development	174.27	101.09	-	-
Cenvat & Input tax credit	-	-	145.99	122.69
Advance to Vendors	-	-	408.63	346.20
Advance to Others	-	-	7.73	86.64
Advance against expenses	-	-	17.17	18.02
TDS/TCS Receivable	-	-	162.62	101.66
Prepaid Expenses	-	-	9.96	4.26
Total	174.27	101.09	752.10	679.47

Notes to the Consolidated Ind AS Financial Statement

Note-7 Inventories

Particular	31-Mar-18	31-Mar-17
(Valued at lower of cost and net realizable value)		
Raw materials	1,446.22	1,577.10
Work-in-progress;	187.65	154.56
Finished goods;	3,233.28	3,295.11
Consumable Stores and spares;	605.05	549.26
Scrap	80.28	81.59
Total	5,552.48	5,657.62

Note - 7.1 Particulars of Inventory	31-Mar-18	31-Mar-17
Manufactured Goods		
<i>Granite Slabs</i>		
Polished/Cut to Size	3,225.64	3,226.47
Blocks	5.60	66.59
<i>Natural Sandstone</i>		
Polished	2.05	2.05
Total	3,233.28	3,295.11
Work-in-Progress		
<i>Unpolished Granite Slabs</i>	187.65	154.56
Total	187.65	154.56

Note-8 Trade Receivable

Particular	31-Mar-18	31-Mar-17
Unsecured, considered good unless stated otherwise		
Others	5,675.34	4,754.47
Total	5,675.34	4,754.47

Note-9 Cash & Cash Equivalents

Particular	31-Mar-18	31-Mar-17
Cash and Cash Equivalents		
Balances with banks	134.27	322.55
Cash on Hand	41.45	35.34
Total	175.72	357.89

Note-10 Other Bank Balances

Particulars	31-Mar-18	31-Mar-17
Other Bank Balances (Earmarked)		
Balances with banks held as Margin Money on ILC/FLC/BG and other commitments	559.73	125.67
Total	559.73	125.67

Note-11 Other Financial Asset

Particular	31-Mar-18	31-Mar-17
Accrued Interest	3.65	3.82
Other Receivables	8,394.33	10,916.63
Total	8,397.98	10,920.44

Note-12 Equity Share Capital

Particular	31-Mar-18	31-Mar-17
Authorised		
25000000 Equity Shares of Rs. 10 each	2,500.00	2,500.00
(P.Y.25000000 Equity Shares of Rs. 10 each)		
Issued, Subscribed & Paid-up		
(1,351,500 Equity Shares	135.15	135.15
of Rs. 10/-each, fully paid up)		
(P.Y.(1,3,51,500 Equity Shares		
of Rs. 10/-each, fully paid up)		
Total	135.15	135.15

Notes to the Consolidated Ind AS Financial Statement

Note 12.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31-Mar-2018		31-Mar-2017	
	Number	Amount	Number	Amount
At the beginning of the period	13,51,500	135.15	13,51,500	135.15
Issued during the period	-	-	-	-
Bought back during the period	-	-	-	-
Outstanding at the end of the period	13,51,500	135.15	13,51,500	135.15

Note 12.2 Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 12.3 Details of Shareholders holding more than 5% equity shares in the Company

Shareholder	31-Mar-18		31-Mar-17	
	Number	% Holding	Number	% Holding
Promoters and Promoter Group				
Geeta Devi Agarwal	1,90,421	14.09	1,90,421	14.09
Kapil Agarwal	1,35,635	10.04	1,35,635	10.04
	3,26,056	24.13	3,26,056	24.13

Note-13 Other Equity*

Description and nature of other equity:-

Retained Earnings : It represents the surplus amount available in profit and loss as retained earnings. The reserve can be distributed/ utilised by the company in accordance with the Companies Act,2013

Capital Reserve : It represents the reserve created out of consolidation.

Other Comprehensive Income: It represent the actuarial gain or loss arising from the measurement of defined benefit obligation and fair value measurement of investments.

* Quantitative data mentioned in statement of changes in equity

Note-14 Long Term Borrowings

Particular	Non Current Portion		Current Maturities	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<u>LOANS - SECURED</u>				
(i) <i>Vehicle Loan</i>				
HDFC Bank	0.21	1.31	1.09	26.49
(ii) <i>Term Loan</i>				
HDFC Bank	252.20	444.07	414.13	271.89
<u>LOANS - UNSECURED</u>				
(i) <i>From Related parties</i>				
From Directors	1,039.49	1,496.76	-	-
From Companies	1,217.75	540.01	-	-
(ii) <i>From other than Related parties</i>				
From Companies	5.89	5.45	-	-
<u>Securities Deposits from customers</u>	22.28	22.28	-	-
Total	2,537.82	2,509.87	415.22	298.39
The above amount includes				
Secured borrowings	252.42	445.38	415.22	298.39
Unsecured Borrowings	1,067.66	1,524.48	-	-
Amount Disclosed under Current Maturities of Long term Borrowing Under Note No.19	-	-	(415.22)	(298.39)
Total	1,320.07	1,969.86	(0.00)	(0.00)

(a) Loans from HDFC Bank for Vehicles carries interest @ 10%. The loans are repayable in 36 monthly installments and the loans are secured by hypothecation of respective assets.

Notes to the Consolidated Ind AS Financial Statement

(b) Term loan from HDFC bank carries Interest @ Base Rate+1.65% (Current Base rate is 8.90 %) is secured by mortgage on property situated at village Bedla, District Udaipur and with respective Plant & Machinery and personal guarantee of some of directors of the company and the Loan is repayable in 66 monthly installments.

Note-15 Provisions

Particular	Long Term		Short Term	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
(a) Provision for Employees Benefit				
(i) Provision for Gratuity	204.49	187.71	38.02	28.91
(ii) Provision for Leave Encashment	-	-	35.19	32.92
(iii) Provision for Bonus & Ex-gratia	-	-	41.44	37.10
Total	204.49	187.71	114.65	98.93

Note 15.1 The company has made provision for gratuity based on actuarial valuation determined by Independent Actuary in accordance with IND AS-19.

Note-16 Deferred Tax Liability (Net)

Particular	31-Mar-18	31-Mar-17
Deferred Tax Liability	-	-
Deferred Tax Assets	-	-
Total	-	-

Note 16.1 The company has deferred tax assets however, management has not recognised deferred tax assets during the year in view of uncertainty of future Income available against such tax.

Note-17 Short-term Borrowings

Particular	31-Mar-18	31-Mar-17
Foreign Currency Loan	1,191.44	995.65
Buyer's Credit - HDFC	291.24	101.30
Total	1,482.67	1,096.95

The above loan from HDFC Bank which carries Interest @ LIBOR+200 bps is secured by way of Hypothecation of Inventory i.e. Raw Materials, Stock in Process, Finished Goods, Stores & Spares and Book Debts, bill whether documentary or clean, outstanding monies, receivables, both present and future, equitable mortgage of properties & the facility is subject to annual renewal and it also carries an unconditional and irrevocable personal guarantees of both the Whole time directors and property holders.

Loan from HDFC Bank for PCFC working capital is secured by way of Hypothecation of company's entire stocks (Raw material, Work in progress, Finished Goods, Consumables) & book debts.

Note-18 Trade Payable

Particular	31-Mar-18	31-Mar-17
Sundry Creditors for Raw Material	4,464.60	3,762.28
Sundry Creditors for Expenses	124.33	116.28
Sundry Creditors for Others	185.27	252.51
Total	4,774.20	4,131.07

Note-19 Financial Liability - Other

Particular	31-Mar-18	31-Mar-17
Trade Payable for Capital Goods	475.94	-
Current maturities of long-term borrowings (Includes current maturities of vehicle loans)	415.22	298.39
Interest accrued but not due on Borrowings	5.16	8.00
Security deposits	10.00	0.21
Statutory Dues	34.31	78.52
Other Current Liabilities	653.78	467.87
Total	1,594.41	852.99

Note-20 Other Current Liabilities

Particular	31-Mar-18	31-Mar-17
Advances from customers	270.25	267.14
Total	270.25	267.14

Notes to the Consolidated Ind AS Financial Statement

Note-21 Current Tax Liability (net)

Particular	31-Mar-18	31-Mar-17
Provision for Income Tax	28.94	18.97
Total	28.94	18.97

Note-22 Revenue From Operation

Particular	31-Mar-18	31-Mar-17
Sale of Products		
Export Sales	4793.26	5436.36
Domestic Sales	1316.55	3655.57
Other Operating Revenue	686.19	496.90
Revenue from Operation (Gross)	6,795.99	9,588.83

Consequent to IND AS implication the sales figures of the current period as well as last periods have been recasted.

Note 22.1 Particulars of Products Sold	31-Mar-18	31-Mar-17
(i) Export Sales		
Granite Slabs	4793.26	5436.36
(ii) Domestic Sales		
Granite Slabs	1123.68	508.94
Granite Blocks	34.13	85.58
Iron Ore	153.15	99.26
Scrap Sale	5.59	13.48
Others goods		

Note-23 Other Income

Particular	31-Mar-18	31-Mar-17
Royalty & DMFT Received	8.02	1.08
Profit on Sales of Assets	13.02	20.71
Dividend Income	0.09	0.08
Interest Income	518.42	517.70
Exchange Rate Fluctuation	82.34	71.61
Reversal of Provision for Income Tax	-	0.91
Insurance Claim Received	1.68	-
Miscellaneous Income	1.42	31.43
Misc. Balances Written-Off	4.18	38.06
Total	629.17	681.57

Note-24 Cost of Materials Consumed

Particular	31-Mar-18	31-Mar-17
Raw Materials Consumed		
Opening Stock	1,577.10	1,617.70
Add: Purchases	2,081.36	2,087.82
	3,658.46	3,705.53
Less: Closing Stock	1,446.22	1,577.10
Cost of Material Consumed	2,212.24	2,128.42

Note 24.1 Particulars of Raw Materials Consumption		
Granite Block	2,212.24	2,128.42

Notes to the Consolidated Ind AS Financial Statement

Note-25 Purchase of Stock-in-Trade

Particulars	31-Mar-18	31-Mar-17
Trading Purchase	291.73	3,576.56
Total	291.73	3,576.56

Note-26 Changes in inventories of Finished Goods,

Particular	31-Mar-18	31-Mar-17
Opening Stock		
Work-in-Progress	154.56	305.63
Finished Goods	3,295.11	3,061.34
Scraps	81.59	101.91
Total [I]	3,531.26	3,468.88
Closing Stock		
Work-in-Progress	187.65	154.56
Finished Goods	3,233.28	3,295.11
Scraps	80.28	81.59
Total [II]	3,501.20	3,531.26
Change in inventories Total [I-II]	30.05	(62.37)

Note-27 Employee Benefits Expense

Particular	31-Mar-18	31-Mar-17
Salaries, Wages and Bonus	729.18	652.64
Contribution to Provident and other funds	138.78	113.02
Staff Welfare Expenses	42.88	40.86
Total	910.84	806.52

Note-28 Finance Cost

Particular	31-Mar-18	31-Mar-17
Bank Charges	13.20	18.65
Interest on Term Loan	81.74	94.96
Interest On PCFC	11.23	10.06
Interest on Others	2.17	0.06
Interest On Unsecured Loan	158.02	15.00
Total	266.37	138.73

Note-29 Depreciation and Amortisation Expenses

Particular	31-Mar-18	31-Mar-17
Depreciation	345.41	368.14
Add: Amortization Expense	0.27	0.27
Less: Transferred to Pre-Operative Expenditure	(12.19)	-
Total	333.49	368.41

Note-30 Other Expenses

Particular	31-Mar-18	31-Mar-17
Manufacturing Expenses		
Consumption of Stores, Spares & Consumables	1,393.54	1,554.28
Power & Fuel Expenses	493.48	531.47
Entry Tax	2.10	12.92
Factory Expenses	4.38	13.95
Slurry & Transportation Expenses	33.64	39.04
<u>Repairs & Maintenance</u>		
- Plant & Machineries	5.73	7.95
- Building	-	0.41
Mining expenses	1.38	0.34
TOTAL [A]	1,934.27	2,160.36

Notes to the Consolidated Ind AS Financial Statement

Administrative & Other Expenses		
Communication Expenses	25.66	29.68
Conveyance	8.57	8.46
Demand & Interest	16.82	5.84
Discount on Debt Assignment	44.66	-
Exchange Rate Fluctuation	89.00	29.96
Fees & Subscription	15.97	17.00
Festival Expenses	5.04	5.10
Gardening Expenses	0.11	0.15
Income Tax	0.32	1.51
Insurance Expenses	7.60	10.03
Legal & Professional	21.28	17.13
Loss on sale of Shares	108.40	290.02
Loss on FVTPL	390.50	-
Loss on Futures & Options Trading	2.31	-
Lease Rent	4.23	0.99
Listing, RTA & Related Expenses	4.02	3.20
Medical Exp.	1.05	0.38
Mining Development Expenses W/off	5.59	-
Miscellaneous Expenses	13.92	6.37
Office Expenses	11.93	15.67
Payment to Auditors (Refer details Below)	6.43	5.14
Penalty on Demand	2.27	1.92
Pre-operative Expenses written off	35.88	44.77
Printing & Stationary	4.47	15.36
Provision for Diminution of Investment	-	0.16
Rates & Taxes	12.10	6.39
Repairs & Maintenance (Others)	4.60	1.98
Security Service Expenses	22.75	24.30
Vehicle Running & Maintenance Expenses	31.19	37.41
Website Expenses	-	0.08
TOTAL [B]	896.67	578.96
SELLING & DISTRIBUTION EXPENSES		
Advertisement & Sales Promotion Expenses	2.03	3.26
Commission Expenses	10.57	7.35
Discount Expenses	10.37	8.06
Exhibition Expenses	33.79	19.53
Freight & Forwarding	305.43	317.44
Insurance - Marine	1.89	2.72
Marketing & Travelling Expenses	84.34	54.42
TOTAL [C]	448.43	412.78
GRAND TOTAL [A+B+C]	3,279.36	3,152.11

Note-30.1 Payment to Auditor

Particular	31-Mar-18	31-Mar-17
Audit Fees	4.30	3.18
Reimbursement of Expenses	2.13	1.96
Total	6.43	5.14

Note-31 Corporate Social Responsibility Expenditure

The company has incurred CSR expenses of Rs 3.72 lakhs in FY 2017-18 as compared to Rs 10.62 in the FY 2016-17.

Note-32 Income Tax Recognised in Statement of Profit or Loss

Particular	31/Mar/18	31/Mar/17
Current Tax		
In respect of Current year		
Regular Tax	8.60	9.37
MAT	20.34	4.65
MAT Credit	-	-
In respect of earlier year	-	-
Total Current tax	28.94	14.02
Deferred Tax	-	-

Notes to the Consolidated Ind AS Financial Statement

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	31/Mar/18	31/Mar/17
Profit before income taxes	64.16	66.97
Enacted tax rate in India (MAT)	19.055%	19.055%
Enacted tax rate in India (Regular Tax Rate)	25.75%	25.75%
Computed expected tax expenses (MAT)	19.76	7.43
Computed expected tax expenses (Regular Tax)	8.60	9.37
Effect of Allowances for tax purpose	-	-
Effect of Non deductible expenses	-	-
Others	0.58	(2.78)
Tax expense recognised in Statement of Profit and Loss	28.94	14.02

Note-33 Earning Per Share

Particulars	31/Mar/18	31/Mar/17
Profit after tax	35.22	52.95
Weighted average no. of Equity Share Outstanding	13,51,500	13,51,500
Nominal value of Ordinary share(INR)	10.00	10.00
Basic & diluted earning per share in rupees	2.61	3.92

Note-34 Lease

The company has taken mines on Operating Lease from "Department of Mines & Geology" and minimum yearly rental is being paid which is adjusted against royalty amount, if payable.

Note-35 Employee Benefit

(A) Defined Contribution Plan:-

The Company operates defined contribution retirement benefit plans for all qualifying employees. Contributions are made to registered provident fund and Employee state insurance administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	31/Mar/18	31/Mar/17
Contribution to provident fund and other fund recognised in Statement of Profit and Loss	83.16	50.30

(B) Defined Benefit Plan:-

Gratuity

In accordance with the provisions of Payment of Gratuity Act, 1972, the company has defined benefit plan which provides for gratuity payment. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the year of employment with the company. The company's gratuity plan is an unfunded plan.

These plans typically expose the Company to actuarial risks such as: Actuarial Risk, Investment Risk, Liquidity Risk, Market Risk & Legislative Risk:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience : Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk :

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Notes to the Consolidated Ind AS Financial Statement

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

No other post-retirement benefits are provided to the employees.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by a certified actuary of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Assumptions:

The principal assumptions used for the purposes of the actuarial valuations are given below:

Particulars	31/Mar/18	31/Mar/17
Discount Rate	7.55%	7.25%
Future Salary growth rate	6.00%	6.00%
Rate of Return on Plan Assets	-	-
Mortality table used Indian Assured Lives Mortality (2006-08) Ultimate	10% at younger ages reducing to 2% at older ages	

Projected Benefit Obligation

Particulars	31/Mar/18	31/Mar/17
Projected benefit Obligation at beginning of the year	216.62	175.38
Interest Cost	5.37	12.78
Current Service Cost	18.24	14.22
Past Service Cost	15.19	-
Actuarial (Gain)/Loss	(2.71)	14.65
Benefits paid	(10.20)	(0.41)
Projected benefit Obligation at end of the year	242.52	216.62

Amount recognised in the Balance Sheet:

Particulars	31/Mar/18	31/Mar/17
Amount recognised in the Balance Sheet:		
Projected benefit Obligation at end of the year	242.52	216.62
Fair Value of Plan Assets as at year end	-	-
Net (Asset)/Liability recognized in the Balance Sheet	242.52	216.62

Cost of the defined benefit plan for the year:

Particulars	31/Mar/18	31/Mar/17
Current Service Cost	18.24	14.22
Interest Cost	5.37	12.78
Past Service Cost	15.19	-
Expected Return on plan Asset	-	-
Components of defined benefit cost recognised in the Statement of Profit & Loss	38.80	27.01

Remeasurement on the net defined benefit liability:

Experience Adjustment

Particulars	31/Mar/18	31/Mar/17
Present value of defined benefit obligation	242.52	216.62
Fair Value of plan assets	-	-
Balance Sheet (Liability)/ Asset	242.52	216.62
P&L (Income)/ expenses	33.39	56.30
Experience adjustment on plan liabilities (gain)/ loss	6.26	4.72
Experience adjustment on plan assets gain/ (loss)	-	-

Notes to the Consolidated Ind AS Financial Statement

Sensitivity analysis in respect of the actuarial assumptions used

Particulars	Increase	Decrease
Discount rate - 0.5%	233.73	251.90
Salary Growth rate - 0.5%	251.59	233.89
Withdrawal rate - 10%	243.73	241.22

Leave Encashment

Compensated absence liability recognised as expense for the year is Rs. 16.73 Lakhs (Previous Year Rs. 17.07 Lakhs). The said amount has been calculated by the management. It has been calculated on the basis of leaves accumulated during the year other relevant factors.

Note-36 Capital Management

The capital structure of the Company consists of net debt and total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Company's risk management committee reviews the capital structure of the Company considering the cost of capital and the risks associated with each class of capital.

Note-37 Related Party Disclosures

The Company has made the following transactions with related parties as defined under the provisions of Indian Accounting Standard-24 issued by the Institute of Chartered Accountants of India & notified by MCA under Companies (Indian Accounting Standard) Rules, 2015, as amended.

List of related parties with whom transaction have taken place during the year along with the nature and volume of transaction is given below from 01.04.2017 to 31.03.2018.

Particulars	Relation
Directors & Key managerial persons & their associate concerns	
Jagdish Magniram Agarwal	Managing Director
Kapil Jagdish Agarwal	Executive Director
Geetadevi Agarwal Agarwal	Non Executive Director
Sagarmal Agarwal	Non Executive Independent Director
Jayanti Oza	Non Executive Independent Director
Vinod Choudhary	Non Executive Independent Director
Sumeet Agarwal	Non Executive Director

Enterprises owned/controlled by directors & their relatives	Relations with Directors
Geetanjali Marble	Director is Partner in the Firm
Krishna Marble	Director is Partner in the Firm
Ojaswi Marble & Granites Pvt Ltd	Director is the Director of the Company
Pacific Exports	Director is Partner in the Firm
Pacific Leasing And Research Ltd	Director is the Director of the Company
Rahul Marble Private Limited	Director is the Director of the Company
Yash Processors Ltd	Director is the Director of the Company
Geetanjali Investech Holding India Pvt Ltd	Director is the Director of the Company
M R Agarwal Holding LLP	Director is Partner in the LLP
Maheshwari Financial Services Ltd	Director is the Director of the Company
Bhola Motor Finance Pvt. Ltd.	Director is the Director of the Company
Pacific Iron Manufacturing Ltd	Director is the Director of the Company
Geetanjali Infosystems Pvt Ltd	Director is the Director of the Company
Gamut Tradecom LLP	Director is Partner in the LLP
Chaitanya International Minerals LLP	Director is Partner in the LLP

Transactions with Key management persons

Nature of transaction	31/Mar/18	31/Mar/17
Remuneration	48.00	48.00
Employer's Contribution to Provident Fund	5.76	5.76
Loan Outstanding as 31st march (Liabilities)	1,039.49	1,496.76

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

Remuneration	31/Mar/18	31/Mar/17
Kapil Agarwal	24.00	24.00
J.P. Agarwal	24.00	24.00

Notes to the Consolidated Ind AS Financial Statement

Employer's Contribution to Provident Fund	31/Mar/18	31/Mar/17
Kapil Agarwal	2.88	2.88
J.P. Agarwal	2.88	2.88

Loan outstanding as 31st march (Liabilities)	31/Mar/18	31/Mar/17
Geeta Devi Agarwal	280.82	430.82
Kapil Agarwal	744.42	616.75
J.P. Agarwal	14.24	449.19

Enterprises owned & controlled by the Directors and their relatives

Nature of transaction	31/Mar/18	31/Mar/17
Purchase	427.10	321.51
Sales	1.89	27.32
Interest Received	500.99	449.59
Interest Paid	158.62	13.63
Trade Payables	125.55	68.90
Advance Outstanding (Assets)	9,449.85	8,963.12
Loan Outstanding (Liabilities)	1,352.03	695.98
Investments	1,391.00	-

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

Purchase		
Krishna Marble	181.03	259.69
Rahul Marbles Private Limited	69.09	-
Pacific Iron Manufacturing Ltd	120.89	-
Pacific Exports	-	56.85
Others (Below 10%)	56.08	4.97
Sales		
Rahul Marbles Private Limited	1.89	27.32
Interest Received		
Bhola Motor Finance Pvt Ltd	495.74	449.59
Others (Below 10%)	5.25	-
Interest Paid		
Bhola Motor Finance Pvt Ltd	158.24	12.67
Others (Below 10%)	0.38	0.96
Trade Payables		
Krishna Marble	4.45	60.34
Rahul Marbles Private Limited	-	7.93
Pacific Iron Manufacturing Ltd	120.89	-
Others (Below 10%)	0.21	0.64
Advance Outstanding (Assets)		
Bhola Motor Finance Pvt Ltd	4977.98	5476.65
Geetanjali Infoystems Pvt Ltd	3908.00	3479.00
Others (Below 10%)	563.87	7.47
Loan Outstanding (Liabilities)		
Yash processors Ltd	149.39	149.39
Bhola Motor Finance Pvt Ltd	1192.63	522.67
Others (Below 10%)	10.02	23.93
Investments		
Gamut Tradecom LLP	6.00	-
Chaitanya International Minerals LLP	1385.00	-

Note-38 Debit & Credit Balances appearing under Sundry Debtors, Loans & Advances, Unsecured Loans, Sundry Creditors are subject to confirmation & reconciliation. Adjustment, if any, in these accounts will be made as & when finally reconciled & confirmed. Trade Receivables & Trade Payables have been taken at their book value after making necessary adjustment on account of foreign exchange fluctuation except in case of some old balances lying in account.

Notes to the Consolidated Ind AS Financial Statement

Note-39 Contingent Liabilities/Commitments, Contingent Assets & Pending Litigations

Contingent Liabilities

(A) Claims against the company not acknowledged as debt.

A.1 Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise act against which the company has filed an appeal.

A.2 Service Tax refund claim rejection of Rs 11.02 lacs against which the company is persuing the matter with concerned department.

A.3 The company has a total demand of Rs. 15.21 lacs for Entry Tax out of which the company has deposited Rs. 7.60 Lacs under protest. For rest of the amount of Rs 7.61 Lacs the company is persuing the matter with concerned department.

A.4 The company has a total demand of Rs. 43.89 lacs from Sales Tax Department against which the company has deposited Rs. 21.95 Lacs under protest. For rest of the amount of Rs 21.95 Lacs the company is persuing the matter with concerned department.

A.5 Demand Raised by the Central Excise Commissionerate of Rs 1.11 Crores against which Rs 55.96 Lacs is deposited by the company. The Said Matter has been taken to the High Court and the petition is still pending.

A.6 Demand Raised by the Central Excise Commissionerate of Rs 58.66 Lacs against which Rs 4.40 Lacs is deposited by the company against which the company has filed an appeal.

A.7 The company has a total demand of Rs. 78.39 lacs of Custom Duty out of which the company has deposited Rs. 5.88 Lacs under protest against which the company has filed an appeal.

A.8 The company has a total demand of Rs. 1095.52 Lacs (555.14 Lacs for the AY 15-16, 255.02 Lacs for AY 14-15 & 285.35 Lacs for AY 11-12) for which company has filed an appeal before CIT (Appeal) and CIT (Appeal) has given the relief by the order passed by him. The Income Tax Department has filed an appeal before ITAT against the order of CIT (Appeal). The company has deposited Rs. 28.50 Lacs under protest for the aforesaid matter.

(B) Other Contingents Liabilities

B.1 Show cause notice received from excise authorities of Rs 1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

B.2 Show Cause notice received from excise authorities of Rs 4.94 crore in respect of custom duty under the provision of Custom Act 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

(C) Contingent Assets - Nil

Note 40: Fair Value Measurement

The following table shows the carrying amounts and fair values of Investments including their levels in the fair value hierarchy.

Financial assets	Fair Value as at		Fair Value Hierarchy	Valuation techniques & key inputs used
	31/Mar/18	31/Mar/17		
Investments in quoted equity instruments at FVTOCI	462.04	323.92	Level-1	Quoted market price in an active market
Investments in quoted equity instruments at FVTPL	535.50	-	Level-2	Quoted market price in an active market
Investments in unquoted instruments at FVTOCI	3,320.12	3,362.46	Level-3	Refer Note (a) & (d) Below
Investments in unquoted instruments at Amortized Cost	3,367.40	1,976.40	Level-4	Refer Note (b) & (c) Below
Total	7,685.06	5,662.79		

There were no changes in the fair value hierarchy levels in the above periods.

(a) Upon the application of IND AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI/FVTPL respectively.

(b) Investment in Subsidiaries, NSC, and LLP is Valued at Cost as the company has opted to adopt cost method as per IND AS.

(c) Upon the application of IND AS 109, the Company has chosen to designate the investments in Preference share instruments at amortised cost.

(d) Investment in Next Orbit Fund has been designated at NAV & routed through FVTOCI.

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

Notes to the Consolidated Ind AS Financial Statement

Particulars	31-Mar-18		31-Mar-17	
	Amortised cost	Carrying value	Amortised cost	Carrying value
Financial Assets				
(i) Trade receivables	5,675.34	5,675.34	4,754.47	4,754.47
(ii) Loans	9,810.50	9,810.50	9,315.87	9,315.87
(iii) Others	8,397.98	8,397.98	10,920.44	10,920.44
(iv) Cash & Cash Equivalents	175.72	175.72	357.89	357.89
Total	24,059.54	24,059.54	25,348.67	25,348.67
Financial Liabilities				
(i) Borrowings	4,020.49	4,020.49	1,096.95	1,096.95
(ii) Trade payables	4,774.20	4,774.20	4,131.07	4,131.07
(iii) Other financial liabilities	1,594.41	1,594.41	852.99	852.99
Total	10,389.11	10,389.11	6,081.01	6,081.01

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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 following methods and assumptions were used to estimate the fair values:

1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, however there is a change in the fair value of Investments the gain/loss on which has been recognised according to the accounting policies.

Note 41: Financial Risk Management

Financial risk management policy and objectives

The key objective of the Company's financial risk management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

Company's principal financial liabilities, comprise Borrowings from Banks, trade and other payables. The main purpose of these financial liabilities is to finance Company's operations and plant expansion. Company's principal financial assets include investments, trade and other receivables, deposits with banks and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board oversees the management of these risks. The Company's Board is supported by senior management team that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i) 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 price risk. Financial instruments affected by market risk include investments in equity shares, security deposits, trade and other receivables, deposits with banks and financial liabilities.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

a) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company is exposed to foreign exchange risk arising from foreign currency transactions primarily to USD & EURO. Company do not enter into any derivative instrument in order to hedge its foreign currency risks.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change by 5% in USD & EURO exchange rates, with all other variables held constant.

Financial Exposure	31/Mar/18	31/Mar/17
Financial liabilities:		
USD Converted in Rupees	1,681.21	1,105.89
EURO Converted in Rupees	411.12	34.98
Net exposure	2,092.33	1,140.87

Notes to the Consolidated Ind AS Financial Statement

Sensitivity Analysis

Currency	5% increase		5% decrease	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
USD	84.06	55.29	(84.06)	(55.29)
EURO	20.56	1.75	(20.56)	(1.75)

b) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to change in interest income and expense for the Company. In order to optimize the Company's position with regards to interest income & expense and to manage the interest risk, the Company performs comprehensive interest risk management by balancing the proportion of fix & variable rate financial instruments.

Particulars	31-Mar-18	31-Mar-17
Fixed rate instruments		
Fixed deposit with Banks	559.73	125.67
Borrowings		
Vehicle loans	1.31	27.80
Variable rate instruments		
Borrowings		
Term Loan (HDFC)	666.33	715.97
Foreign Currency Loan	1,191.44	995.65
Buyer's Credit	291.24	101.30

Sensitivity analysis:

A change in 50 basis point in interest rate at the reporting date would have increase/(decrease) Profit or Loss by the amount shown below.

This analysis assumes that all other variables, remain constant.

Particulars	31-Mar-18		31-Mar-17	
	Increase	Decrease	Increase	Decrease
Interest rate - increase/decrease by 50 basis point	10.75	(10.75)	9.06	(9.06)

c) Commodity Risk

Commodity risk is defined as the possibility of financial loss as a result of fluctuation in price of Raw Material/Finished Goods and change in demand of the product and market in which the company operates. The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The company forecast annual business plan and execute on monthly business plan. Raw material procurement is aligned to its monthly/annual business plan and inventory position is monitored in accordance with future price trend.

ii) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk mainly from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

Credit risk on trade receivables is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company has no concentration of risk as customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as financial condition, ageing of outstanding and the Company's historical experience for customers.

Notes to the Consolidated Ind AS Financial Statement

a) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counterparties. Company's maximum exposure to credit risk for the components of balance sheet is the carrying amount as disclosed in Note 41.

Credit risk exposure

The following table shows the maximum exposure to the credit risk at the reporting date :

Particulars	31-Mar-18		31-Mar-17	
	Non Current	Current	Non Current	Current
Loans	6,500.29	3,310.21	3,651.28	5,664.58
Trade Receivables	-	5,675.34	-	4,754.47
Bank Balance	-	134.27	-	322.55
Other financials assets	-	8,397.98	-	10,920.44
Total	6,500.29	17,517.80	3,651.28	21,662.05

Following are the ageing related to above mentioned trade receivables.

Particulars	31/Mar/18		31/Mar/17	
	<6 months	>6months	<6 months	>6months
Trade Receivables	1,436.11	4,239.24	3,159.83	1,594.64

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from banks at optimised cost and cash flow from operations.

The table summarises the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

Particulars	31-Mar-18		31-Mar-17	
	Within 1 year	>1 years	Within 1 year	>1 years
Borrowings	1,482.67	2,537.82	1,096.95	2,509.87
Other liabilities	1,594.41	-	852.99	-
Trade and other payable	4,774.20	-	4,131.07	-

Note-42 First Time Adoption of Ind AS

These are company's first standalone financial statements prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 "First Time adoption of Indian Accounting Standard", with April 01, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Note 42.2 and 42.3 Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 42.1.

Note-42.1 Exemptions availed on first time adoption of Ind-AS 101

The Company has opted to consider the carrying value of all items of Property, plant & equipment recognised in the financial statement prepared under previous GAPP and use the same as deemed cost in the opening Ind AS balance sheet.

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Notes to the Consolidated Ind AS Financial Statement
Note 42.2 Equity reconciliation

Sr. No.	Particulars	Note No	Balance Sheet as at March 31, 2017		
			Indian GAAP	Ind AS Adjustments	Ind AS
(1)	ASSETS				
	Non-current assets				
	(a) Property, Plant and Equipment		2,745.02	-	2,745.02
	(b) Capital work-in-progress		361.14	-	361.14
	(c) Intangible Assets		0.03	-	0.03
	(d) Financial Assets				
	(i) Investments	1	4,874.94	474.66	5,349.60
	(ii) Loans		3,651.29	-	3,651.29
	(e) Other non-current assets		101.09	-	101.09
	Total non-current assets		11,733.51	474.66	12,208.17
(2)	Current assets				
	(a) Inventories		5,657.62	-	5,657.62
	(b) Financial Assets				
	(i) Investments	1	308.23	4.96	313.19
	(ii) Trade receivables		4,754.47	-	4,754.47
	(iii) Cash and cash equivalents		357.90	-	357.90
	(iv) Bank balance other than (iii) above		125.67	-	125.67
	(v) Loans		5,664.58	-	5,664.58
	(vi) Others		10,920.44	-	10,920.44
	(c) Other current assets		679.47	-	679.47
	Total current assets		28,468.38	4.96	28,473.34
	Total assets		40,201.89	479.62	40,681.51
	EQUITY AND LIABILITIES				
	Equity				
	(a) Equity Share capital		135.15	-	135.15
	(b) Other Equity	2	30,903.11	479.62	31,382.73
	Total equity		31,038.26	479.62	31,517.88
(1)	LIABILITIES				
	Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings		2,509.87	-	2,509.87
	(b) Provisions		187.71	-	187.71
	Total non-current liabilities		2,697.58	-	2,697.58
(2)	Current liabilities				
	(a) Financial liabilities				
	(i) Borrowings		1,096.95	-	1,096.95
	(ii) Trade payables		4,131.07	-	4,131.07
	(iii) Other financial liabilities		852.99	-	852.99
	(b) Other current liabilities		267.14	-	267.14
	(c) Provisions		98.93	-	98.93
	(d) Current tax liabilities (net)		18.97	-	18.97
	Total current liabilities		6,466.05	-	6,466.05
	TOTAL EQUITY AND LIABILITIES		40,201.89	479.62	40,681.51

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS:-

- 1) The company has opted to revalue it's investments at fair market value as per Ind AS-109. The company has also opted to consider all investments at fair value through other comprehensive income.
- 2) Provision for Gratuity has been revalued as per the Actuarial Report.
- 3) The impact of all Ind AS adjustments have been reflected in other equity.

Notes to the Consolidated Ind AS Financial Statement
Note - 42.3 Profit and loss reconciliation

	Particulars	Note No	Year ended March 31, 2017		
			As per Indian GAAP	Adjustments	As per IND AS
I	Revenue from Operations		9,588.83	-	9,588.83
II	Other Income		681.57	-	681.57
III	Total Revenue(I+II)		10,270.40	-	10,270.40
IV	EXPENSES				
	Cost of Material Consumed		2,128.42	-	2,128.42
	Purchase of Stock in Trade		3,576.56	-	3,576.56
	Changes in inventories of finished goods, Work in progress & Stock in Trade		(62.37)	-	(62.37)
	Employee benefit expense		821.16	(14.65)	806.52
	Finance cost		138.73	-	138.73
	Depreciation expense		368.41	-	368.41
	Other expense		3,152.11	-	3,152.11
	Excise on Sales		87.46	-	87.46
	Total expense		10,210.48	(14.65)	10,195.83
V	Profit before exceptional items and tax (III-IV)		59.92	14.65	74.57
VI	Exceptional items		7.60	-	7.60
VII	Profit before tax (V-VI)		52.32	14.65	66.97
	Tax expense :				
	Current tax		14.02	-	14.02
	Deferred tax		-	-	-
VIII	Profit of the year		38.30	14.65	52.96
IX	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	4	-	457.23	457.23
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
	(iii) Items that will be reclassified to profit or loss		-	-	-
	(iv) Income tax relating to items that will be reclassified to profit or loss		-	-	-
	Total Comprehensive Income(VIII+IX)		38.30	471.88	510.18

Note : 43 The Consolidated Financial Statements present the Consolidated Accounts of Pacific Industries Limited with its following Subsidiaries and step down subsidiaries:

Name	Country	Nature of Business	Percentage of Holding by Pacific Industries Ltd(%)	
			31/Mar/18	31/Mar/17
<u>Direct(Subsidiary)</u>				
Gist Minerals Technologies Limited	India	Trading	100%	100%
Gaze FashionTrade Limited	India	Trading	100%	100%
<u>Indirect(Step-down Subsidiary)</u>				
Radhika Vyapaar Private Limited(Subsidiary of Gaze FashionTrade Limited)	India	Trading & Investment	100%	100%
Saha Coloured & Flavour Spirit Manufacturer Private Limited(Subsidiary of Gist Minerals Technologies Limited)	India	Trading & Investment	100%	100%
Biswas Solar Instrument Private Limited(Subsidiary of Gaze FashionTrade Limited)	India	Trading & Investment	100%	100%
Blood Hound Security Company Private Limited(Subsidiary of Gaze FashionTrade Limited)	India	Trading & Investment	100%	100%

Notes to the Consolidated Ind AS Financial Statement

Name of the entity in the Group	Net Assets i.e. Total assets minus Total liabilities		Share in Profit or Loss		Share in Other Comprehensive income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of consolidated profit or Loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
Holding company:								
Pacific Industries Limited	19.85%	6253.32	312.66%	110.12	-87.65%	50.37	-721.41%	160.49
Subsidiaries (Indian):								
Gist Minerals Technologies Limited	0.15%	47.93	-3.47%	(1.22)	221.21%	-127.12	576.90%	(128.34)
Gaze FashionTrade Limited	0.70%	219.90	-7.61%	(2.68)	4.04%	-2.32	22.49%	(5.00)
Radhika Vyapaar Private Limited	7.63%	2403.83	-39.52%	(13.92)	-78.08%	44.87	-139.11%	30.95
Saha Coloured & Flavour Spirit Manufacturer Private Limited	28.79%	9066.64	-174.45%	(61.44)	-77.62%	44.60	75.68%	(16.84)
Biswas Solar Instrument Private Limited	24.54%	7727.88	8.00%	2.82	0.00%	0.00	-12.67%	2.82
Blood Hound Security Company Private Limited	18.34%	5776.13	4.40%	1.55	118.10%	-67.87	298.11%	(66.32)

Note : 44 SEGMENT REPORTING

Company has considered business segment as the primary segment for disclosure. The business segments are Marble & Granite, Trading other than Marble & Granite, Investment & Related Activities & Other Services.

S. No.	PARTICULARS	FOR THE YEAR ENDED	
		31.03.2018	31.03.2017
1	Segment Revenue		
	A. Marble & Granites(Net)	5373.08	4985.61
	B. Trading Other than Marble & Granite	153.15	3377.61
	C. Investment & Related Activities	712.62	547.41
	D. Others Income/Services	722.00	661.25
	Total	6960.85	9571.88
	Less: Inter-Segment Revenue	164.86	81.95
	Revenue From Operations(Excluding Other Income)	6795.99	9489.93
2	Segment Results		
	Profit/Loss Before Charging Unallocable Expenditures		
	A. Marble & Granites	(91.58)	(145.07)
	B. Trading Other than Marble & Granite	45.17	77.94
	C. Investment & Related Activities	22.28	(2.41)
	D. Others Income/Services	354.65	275.24
	Unallocable Expenses (Tax + Finance Cost)	295.30	152.75
	Net Result	35.22	52.95
3	Segment wise capital employed (Segment Assets- Segment Liabilities)		
	A.Marble & Granites	6,897.57	7,566.57
	B. Trading Other than Marble & Granite	191.65	28.99
	C. Investment & Related Activities	26,455.80	26,293.07
	D. Others Income/Services	488.42	139.12
	Total	34,033.44	34,027.75

Notes to the Consolidated Ind AS Financial Statement**45 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 for following standards to be effective from 1 April 2018:
Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

Ind AS 21, Foreign currency transactions and advance consideration:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

- 46** The previous year's figures have been regrouped, rearranged and reclassified to conform to current year Ind-AS presentation requirements.

**For and on behalf of Board of Directors
Pacific Industries Limited**

As per our Report of even date
For Ravi Sharma & Co.
Chartered Accountants
(FRN 015143C)

Sd/-
(Paras Bhatia)
Partner
M.No. 418196
Date: 30th May 2018
Place: Udaipur

Sd/-
J.P. Agarwal
(Chairman & Managing Director)
DIN: 00386183

Sd/-
Kapil Agarwal
(Executive Director & CFO)
DIN: 00386298

Sd/-
Khushbu Sethi
Company Secretary
PAN : GEKPS4863F

RAVI SHARMA & CO
Chartered Accountants



3580, JOHRI BAZAR, MSB KA RASTA 4TH
CROSSING, JAIPUR RAJASTHAN 302003
Ph. 9351258175

Independent Auditor's Limited Review Report

The Board of Directors
Pacific Industries Limited,

1. We have reviewed the unaudited standalone financial results of Pacific Industries Limited (the "Company") for the quarter & nine months ended 31st December 2018, (the "Statement"), being submitted by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 (the Listing Regulations, 2015"). The Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statements based on our review.
2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, and subject to our observation as mentioned below:-

Refer to Note no. 7, Debit and Credit balances appearing under various heads are subject to confirmation and reconciliation, further the company has not made provision of exchange fluctuation w.r.t. certain old balances. Final reconciliation / confirmation of the same may affect our disclosure.

3. Subject to above observation, based on our review, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with Ind AS and other recognized accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place :- Udaipur
Date :- 08/02/2019

For RAVI SHARMA & CO
Chartered Accountants



(PARAS BHATIA)
PARTNER
Membership No: 418196
Registration No: 015143C

PACIFIC INDUSTRIES LIMITED

Regd. Office : Survey No.13,N.H.48,Kempalinganahalli,Nelamangala Taluk, Distt.Bangalore-562123 (Karnataka)

Website: www.pacificindustriesltd.com, E-mail: pinorth@pacificgranites.com CIN: L14101KA1989PLC062041

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31,2018

S. No.	PARTICULARS	(Rs. In Lakhs, Except Per Share Data)					
		Quarter Ended			Nine Months Ended		Year Ended
		31 Dec.'18 (Unaudited)	30 Sept.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 Dec.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 March'18 (Audited)
	Income						
I	a) Revenue from operation	2461.50	2073.97	1440.66	6691.58	4743.27	6745.18
II	b) Other Income	175.81	40.91	50.72	316.09	105.69	191.34
III	Total Income (I+II)	2,637.31	2,114.88	1,491.38	7,007.67	4,848.96	6,936.52
IV	Expenses						
	a) Cost of materials consumed	752.10	817.86	798.35	2513.35	3,148.93	3,629.91
	b) Purchases of Stock-in-trade	792.38	315.88	55.33	1484.14	106.68	230.05
	c) Change in inventories of finished goods, work-in-progress and stock-in-trade	246.08	152.44	50.11	563.00	(210.04)	30.05
	d) Employee benefits expenses	232.63	233.54	221.78	697.98	665.72	910.57
	e) Finance Cost	116.06	109.05	100.97	320.51	271.91	337.16
	f) Depreciation and amortisation expenses	124.66	112.25	86.69	315.68	273.59	333.22
	g) Other expenses	357.07	342.16	174.01	989.66	749.80	1,324.92
	h) Excise duty on Sales	-	-	1.46	-	38.38	36.92
	Total Expenses	2,620.97	2,083.17	1,488.70	6,884.32	5,044.97	6,832.81
V	Profit before exceptional Items and Tax (III-IV)	16.34	31.71	2.68	123.35	(196.01)	103.71
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit before tax (V-VI)	16.34	31.71	2.68	123.35	(196.01)	103.71
VIII	Tax Expense						
	(1) Current Tax	3.14	7.32	-	24.56	-	20.34
	(2) Deferred Tax	-	-	-	-	-	-
IX	Net Profit for the period (VII-VIII)	13.19	24.39	2.68	98.78	(196.01)	83.37
X	Other Comprehensive Income						
	(I) Items that will not be reclassified to Profit or Loss, net of tax	17.90	(6.91)	5.65	27.90	8.60	50.37
	(II) Items that will be reclassified to Profit or Loss, net of tax	-	-	-	-	-	-
XI	Total Income for the period (IX+X)	31.10	17.49	8.33	126.69	(187.41)	133.74
XII	Paid-up Equity Share Capital (Face Value INR 10 each)	135.15	135.15	135.15	135.15	135.15	135.15
	Reserves Excluding revaluation reserve as per Balance Sheet of Previous Accounting Year	-	-	-	-	-	6,181.67
XIII	Earning Per Share in INR						
	a) Basic	0.98	1.80	0.20	7.31	(14.50)	6.17
	b) Diluted	0.98	1.80	0.20	7.31	(14.50)	6.17

Date : 08.02.2019
Place : Udaipur

CIN: L14101KA1989PLC062041

REGISTERED OFFICE

Survey No. 13, N.H. 48, Kempalinganahalli Village, Nelamangala Taluk, Distt. Bangalore-562123 (Karnataka)

Visit us at : www.pacificindustriesltd.com, E-mail: pinorth@pacificgranites.com, pinorth@pacificgranites.com

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By order of the Board
For PACIFIC INDUSTRIES LIMITED

KAPIL AGARWAL

EXECUTIVE DIRECTOR & CFO
(DIN: 00386298)

SACHIN SHAH

COMPANY SECRETARY
(DIN: 00123456)

PACIFIC INDUSTRIES LIMITED

Regd. Office : Survey No.13, N.H.48, Kempallanganahalli, Nelamangala Taluk, Distt.Bangalore-562123 (Karnataka)


Website: www.pacificindustriesltd.com, E-mail: pilnorth@pacificgranites.com CIN: L14101KA1989PLC062041

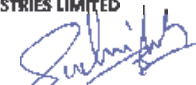
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31, 2018
Notes:-

- 1 The above Financial Results for the quarter and nine month ended on December 31, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 08th February, 2019. These results are subject to Limited review by statutory auditor.
- 2 The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended. The Company adopted IndAS from 1 April 2017 with the transition date as 1 April 2016. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34 - Interim Financial Reporting.
- 3 The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's Circular dated July 15, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013 which are applicable to companies that are required to comply with Ind AS.
- 4 Consequent to IND AS implication the sales figures of the current period as well as last periods have been recasted and shown at net of discount value.
- 5 Segment Results in accordance with Ind AS 108 "Operating Segment" are given in annexure attached.
- 6 The company has adopted Ind AS 1.15 "Revenue from Contract with Customers" w.e.f. 1st April 2018. The adoption standard did not have any material impact on the financial results of the company.
- 7 Confirmation and reconciliation of various Debit and Credit balances appearing under various heads & Non provision of exchange fluctuation w.r.t certain old balances. Final reconciliations/confirmations of the same may effects our disclosure.
- 8 Fair value of investments in unquoted securities/Other interest has been determined on the basis of latest audited financial statements of the respective investments.
- 9 Figures for the previous period have been regrouped/ reclassified wherever necessary to make them Ind-AS compliant and comparable with that of current period.

Place: Udaipur
Date : 08.02.2019


By order of the Board
For PACIFIC INDUSTRIES LIMITED


KAPIL AGARWAL
(EXECUTIVE DIRECTOR & CFO)
(DIN 00386298)


SACHIN SHAH
(COMPANY SECRETARY)
(PAN CFLPS24518)



CIN: L14101KA1989PLC062041

REGISTERED OFFICE:

Survey No. 13, N.H. 48, Kempallanganahalli Village, Nelamangala Taluk, Bangalore (R) 562123 Karnataka, INDIA

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Corporate office:
Village Bedla,
Udaipur-313 004, INDIA

PACIFIC INDUSTRIES LIMITED

Regd. Office : Survey No.13,N.H.48,Kempalinganhalli,Melamangala Taluk, Distt.Bangalore-562123 (Karnataka)


Website: www.pacificindustriesltd.com E-mail: pinorth@pacificgranite.com CN: L14101KA1989PLC062041


STANDALONE SEGMENT REPORT FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31, 2018


(INR In Lacs)

S. No.	PARTICULARS	QUARTER ENDED			NINE MONTH ENDED		YEAR ENDED
		31 Dec.'18 (Unaudited)	30 Sept.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 Dec.'18 (Unaudited)	31 Dec.'17 (Unaudited)	31 March'18 (Audited)
1	Segment Revenue						
	A. Marble & Granites	1,413.28	1,712.79	1,440.66	4,802.97	4,443.27	5,978.12
	B. Trading Other than Marble & Granite	1,048.22	361.18	-	1,888.61	300.00	153.15
	C. Others Services	-	-	-	-	-	613.91
	Revenue From Operations (Excluding Other Income)	2,461.50	2,073.97	1,440.66	6,691.58	4,743.27	6,745.18
2	Segment Results						
	Profit/Loss Before Charging Unallocable Expenditures						
	A. Marble & Granites	(152.69)	32.71	103.65	(68.38)	(194.25)	(91.58)
	B. Trading Other than Marble & Granite	285.10	108.05		512.24	270.15	39.15
	C. Others Services	-	-		-		493.30
	Unallocable Expenses (Tax & Finance Cost)	119.21	116.37	100.97	345.07	271.91	357.50
	Net Result (Before Other Comprehensive Income)	13.19	24.39	2.68	98.78	(196.01)	83.37
3	Segment wise capital employed						
	A. Marble & Granites	11,409.37	11,450.48	9,759.65	11,450.48	9,759.65	9,980.69
	B. Trading Other than Marble & Granite	213.29	141.08	201.00	141.08	201.00	41.54
	C. Others Services	-	-		-		488.42
	Total	11,622.66	11,591.56	9,960.65	11,591.56	9,960.65	10,510.65

Date: 08-02-2019
Place: Udaipur


KAPIL AGARWAL
 (EXECUTIVE DIRECTOR & CFO)
 (DIN 00386298)


SACHIN SHAH
 (COMPANY SECRETARY)
 (PAN CLFLP24518)



Date: 08.02.2019
Place: Udaipur

KAPIL AGARWAL
(EXECUTIVE DIRECTOR & CFO)
(DIN 00386298)

SACHIN SHAH
[COMPANY SECRETARY]
(PAN CFLPS2451B)

CIN: L14101KA1989PLC062041

REGISTERED OFFICE:

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Bangalore Phone : +91-80-27723004, +91-80-27725976, Fax : +91-80-27723005

ACCOUNTING RATIOS

STATEMENT OF ACCOUNTING RATIOS

Following are the Key Accounting Ratios for the Financial year ended March 31, 2018 and for Nine (9) months period ended December 31, 2018

Rs. in Lakhs

Particulars	March 31, 2018 (12 months) Standalone	December 31, 2018 (9 months) Standalone
Net Worth (INR in lacs)	6316.82	#6445.19
Total number of shares outstanding at the end of the year / period	13.51	#13.51
Earnings Per Share (Basic & Diluted)	6.17	7.31
Return On net Worth (%)	1.32	1.53
Net Assets Value Per Share	467.57	477.07
EBITDA	760.92	750.61
EBITDA (%)	11.85	11.76
Face Value (INR)	10/-	10/-

#Not Annualised

Formula:

- Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
- Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
- Net Asset Value Per Share (₹):** Net Assets (Assets - Liabilities) as at the year end/ half year end divided by total number of equity shares outstanding at the end of the period.
- EBITDA (₹ in lacs):** Profit before tax plus finance costs plus depreciation and amortisation expense less interest income.
- EBITDA (%):** [EBITDA/ (Revenue-Interest Income)] * 100

STATEMENT OF CAPITALISATION

TO WHOMSOEVER IT MAY CONCERN

The capitalisation statement of the Company as at December 31, 2018 and as adjusted for the Issue is as follows:

Particulars	Pre-issue as at December 31, 2018	Post-issue as adjusted for the issue (Refer Note 2 below)
Total Borrowings		
Current Borrowing (A)	1123.26	[•]
Non-Current borrowing (including current maturity) (B)	5620.69	[•]
Total Borrowing (C) = (A) + (B)	6743.95	[•]
Total equity		
Equity Share Capital (D)	135.15	[•]
Other Equity (E)	6310.04	[•]
Total Equity (F) = (D) + (E)	6445.19	[•]
Ratio : Non current borrowings (including current maturity) / Total Equity (G) = (C) – (F)	0.8721	[•]

- The figures disclosed above are based on the books of the Company as at December 31, 2018.
- The corresponding post Rights Issue capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Rights Issue process and hence the same have not been provided in the above statement.

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed and actively traded on BSE from February 21, 1992.

1. Year is a financial year;
2. Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
4. In case of two days with the same high/low/closing price, the date with higher volume has been considered

Stock Market Data of the Equity Shares

The high, low and average market prices of the Equity Shares recorded on BSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE

Year ending March 31	Date of High	High (Rs.)	Volume on Date of High (No. of Equity Shares)	Date of Low	Low (Rs.)	Volume on Date of low (No. of Equity Shares)	Average Price for the year (Rs.)
2018	January 4, 2018	169	220	May 23, 2017	115.8	1,644	139.58
2017	August 9, 2016	164	937	June 24, 2016	104	86	124.49
2016	June 17, 2015	232	26,767	March 15, 2016	106	13	148.79

Source: www.bseindia.com

Prices for the last six months

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE during the last six months is as follows:

BSE

Month	Date of High	High (Rs.)	Volume (No. of Equity Shares)	Date of Low	Low (Rs.)	Volume (No. of Equity Shares)	Volume of Trade on monthly basis
February 2019	February 1, 2019	128	62	February 20, 2019	114.80	40	3046
January 2019	January 23, 2019	152	10	January 8, 2019	124.2	10	4301
December 2018	December 7, 2018	135.55	34	December 17, 2018	119	353	2105
November 2018	November 27, 2018	128.1	12	November 5, 2018	114	200	1023
October 2018	October 3, 2018	128.55	4	October 31, 2018	108.8	60	1635
September 2018	September 11, 2018	147.95	392	September 28, 2018	125	14	2129

Source: www.bseindia.com

Week end closing prices of the Equity Shares for the last four weeks on BSE

Week ended on	Date of High	High (Rs.)	Date of Low	Low (Rs.)
February 1, 2019	January 28, 2019	133.00	January 29, 2019	126.35
February 8, 2019	February 5, 2019	125.00	February 6, 2019	119.05
February 15, 2019	February 11, 2019	125.00	February 12, 2019	118.75
February 22, 2019	February 21, 2019	119.30	February 20, 2019	114.80

The Issue Price of [•] has been arrived at by our Company in consultation with the Lead Manager.

SECTION VIII: LEGAL AND OTHER INFORMATION

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated in this section, there are no pending (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) Material Litigation (as defined below) involving our Company, Directors, Promoters or Subsidiaries (v) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Company, Directors, Promoters or Subsidiaries during the last five years; (vi) proceedings initiated against our Company for economic offences; Our Company, Directors, Promoters or Subsidiaries are not wilful defaulters and there have been no violations of securities laws pending against them.

Our Board of Directors, in its meeting held on February 27, 2019 has determined that outstanding legal proceedings involving the Company, Directors, Promoters and Subsidiaries, where the amount involved is more than 1.5% of the profit after tax for F.Y. 2017-18 i.e. Rs. 1,20,000 (Rupees One Lakh Twenty Thousand Only) shall be considered as “Material Litigation”.

Unless otherwise stated, all information provided below is as of the date of this Draft Letter of Offer.

PART I – LITIGATION RELATING TO OUR COMPANY

A. LITIGATION AGAINST OUR COMPANY

1. Litigation involving Civil Laws

The Union of India vs. M/s Pacific Industries Ltd and Anr (OTRC/2191/2001(F))

The matter was filled in the year 2001 but the same has not been registered by the Hon’ble High Court. Accordingly, the Company has not received any information pertaining to the case from the Hon’ble High Court. At present the Company is in the process of gathering information relating to the matter.

2. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

3. Litigation involving Securities Law and Economic Offences

NIL

4. Litigation involving Labor Laws

Narasimharaju. T.N vs. Management of Pacific Industries Limited (ID act of S10/83/2017)

The Company received a notice dated 16.01.2018 from the Hon’ble First Additional and Sessions Judge Court, Bangalore Rural Districts, Bangalore wherein the Company was informed that a case has been filled before the Hon’ble First Additional and Sessions Judge Court, Bangalore Rural Districts, Bangalore by Mr. T.N. Narasimharaju, a former workman of the Company, challenging his dismissal by the Company on grounds of willful damage, harassment etc. The matter is pending for adjudication.

5. Litigation involving Taxation Liabilities

i Outstanding Direct Tax Proceedings

NIL

ii. Outstanding Indirect Tax Proceedings

As per the Central Sales Tax Order issued in the name of the Company, there is outstanding demand of Rs. 2,76,580/- for the F.Y. 2016-17. The said demand is mainly due to non-receipt of C-form by the Company. As and when the Company receives such C-form, the Company shall submit the same to the Commercial Taxes Department for adjustment towards outstanding demand.

6. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

B. LITIGATION BY OUR COMPANY

1. Litigation involving Civil Laws

- (i) *pacific Industries Limited & Anr. vs. State of Rajasthan & Ors. [(CW/6666/2016), (CW/6676/2016), (APPLW/5382/2016) and (APPLW/5383/2016)]*

Under the said writ petition, Our Company and another company, Ojaswi Marbles & Granites Pvt. Ltd, have challenged the action of the Central Government of considering the applications filled by Our Company for grant of prior approval of the Central Government under Section 5 (1) of the Mines & Minerals (Development and Regulation) Act of 1957 (“**M&M Act**”) as ineligible. Our Company and Ojaswi Marbles & Granites Pvt had made applications for three (3) mining leases – one (1) by Ojaswi Marbles & Granites and, the other two (2) by Our Company. The applications were recommended by the Government of Rajasthan for grant of prior approval of the Central Government under Section 5 (1) of the M&M Act. The application filed by Ojaswi Marbles & Granites Pvt. Ltd was granted approval by the Central Government whereas the other two (2) applications, by Our Company, remained pending for consideration. In the meanwhile, the Mines & Minerals (Development & Regulation) Amendment Act, 2015 (“**Amendment Act**”) came in effect and inserted Section 10-A under the M&M Act. Section 10-A, subject to certain exceptions, declared all applications received prior to the enactment of Amendment Act as ineligible. In the light of the said Amendment Act, the Central Government concluded that the applications filed by Our Company had become ineligible. Upon this, the Government of Rajasthan requested the Central Government that the proposal made by it for seeking prior approval of the Central Government be treated as ‘Letter of Intent’ in favor of the applicant and accordingly, the applications filed by Our Company should be treated as eligible, being covered by the exception under Section 10-A (2) (c) of the M&M Act. Thereafter, the Central Government informed the State Government that their contention was untenable and the applications cannot be treated as eligible Section 10-A (2) (c) of the Act. The said action of the Central Government has been challenged under the said Writ Petition. By an order dated 08.02.2018, the Hon’ble High Court of Rajasthan adjourned the matter *sine die* because the issue involved in the petition was pending before the Supreme Court.

- (ii) *Pacific Industries Limited vs. The Secretary, Labour Department, Government of Karnatak & Ors. (WP/4237/2019 and WP/39583/2018)*

The Company filed a writ petition (WP/ 39583/2018) before the Hon’ble High Court of Karnataka, challenging the notification dated 30.12.2017 issued by the State Government of Karnataka *inter alia* revising the minimum wages for granite industry. However, the file for the said petition was misplaced in the office of the Hon’ble High Court and despite constant follow ups and memo’s being submitted for posting the case for hearing, the same could not be traced. Hence Our Company filed another writ petition (WP/ 4237/2019) on the same issue. At present both WP/ 39583/2018 and WP/ 4237/2019 are pending for admission.

- (iii) *M/s. Pacific Industries Ltd. vs. Union of India and Ors. (CW/13898/2005(F))*

The matter has been filled but the same has not been registered by the Hon’ble High Court, the Company is in the process of getting the same removed from the website of the Hon’ble Rajasthan High Court, Jodhpur.

2. Litigation involving Securities Law and Economic Offences

NIL

3. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

4. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

5. Litigation involving Labor Laws

NIL

6. Litigation involving Taxation

i. Outstanding Direct Tax Proceedings

The assessing officer raised demand of Rs. 4,39,042/- for A.Y. 2012-13 and for Rs. 4,58,38,528/- for A.Y. 2015-16. The rectification request in this respect was filed by the Company on 01.02.2018 before the assessing officer and the same is pending.

ii. Outstanding Indirect Tax Proceedings

(a) *Pacific Industries Limited vs. The Union of India and Another (D.B. Civil Writ Petition No. 10379/2013, APPLW/394/2017, APPLW/4117/2017 and IA/4227/2013)*

Notice dated 24/28.01.2013 was issued against the Company to show cause as to why the custom duty on consumables in excess of the quantity prescribed in Standard Input Output Norms be not demanded and recovered from the Company under Section 28(1) and 72(1) of the Customs Act, 1962 read with B-17 Bond and Legal undertaking. The Company submitted reply to the said notice. In addition to the reply, the Company has challenged the said notice under the writ petition before the Hon'ble High Court of Rajasthan on the ground that the said notice was issued without jurisdiction in terms of the circular no. 122/95-CUA dated 28.11.1995 issued by Central Board of Excise and Customs. At present, the writ petition is pending.

(b) *Pacific Industries Limited vs. The Union of India and Ors (D.B. Civil Writ Petition No. 6653/2013)*

Show cause notice was issued on the Company wherein it was alleged that the Company has wrongly availed duty free exemption on consumables goods on higher side in comparison to norms specified in the Hand Book of Procedure Vol. II (Standard Input Output Norm) for the period of April 2011 to December 2011. The Company has challenged the allegation through a writ petition before the Hon'ble High Court of Rajasthan. At present, the writ petition is pending and the Hon'ble High Court has stayed the effect and order of the appellate authority dated 18.05.2017.

(c) The Company has a total demand of Rs. 43,89,059/- from Sales Tax Department against which the Company has deposited Rs. 21,94,529/- under protest. Details of the same is as under:

Year	Amount of demand (Rs.)	Amount deposited against demand (Rs.)
2010-11	26,15,214/-	13,07,606/-
2011-12	17,73,845/-	8,86,923/-
Total	43,89,059/-	21,94,529/-

The Company is perusing the matter with concerned department (CTD Bangalore).

- (d) Demand of Rs. 1,11,96,664/- was raised by the Central Excise Commissionerate for the period 2007-08, 2010-11 & 2011-12 against which Rs. 55,95,984/- has been deposited by the Company. The said matter is pending before the Hon'ble High Court.
- (e) Demand of Rs. 58,65,690/- was raised by the Central Excise Commissionerate for the period 2013-14 against which Rs. 4,39,927/- has been deposited by the Company. In this regard, the Company has filed an appeal before CESTAT, Delhi and the same is still pending.
- (f) Demand of Rs 8.66 lacs was raised against the Company under Central Excise Act, 1944 against which the Company has deposited Rs 8.66 lacs. The Company has preferred an appeal in this matter and the same is still pending.
- (g) The Company has a total Custom Duty demand of Rs. 78,39,092/- out of which the Company has deposited Rs. 5,87,931/- under protest. Details of the same is as under:

Year	Amount of demand (Rs.)	Amount deposited against demand (Rs.)
2014-15	33,46,743/-	2,51,005/-
2014-15 & 2015-16	27,72,476/-	2,07,936/-
2015-16 & 2016-17	17,19,873/-	1,28,990/-
Total	78,39,092/-	5,87,931/-

The Company has preferred an appeal before the Joint Commissioner, Udaipur in this matter and the same is still pending.

- (h) Company's service tax refund claim of Rs 11.02 lacs was rejected against which the Company is perusing the matter with concerned department.
- (i) The Company has a total demand of Rs. 15,20,508/- for Entry Tax out of which the Company has deposited Rs. 7,60,255/- under protest. Details of the same is as under:

Year	Amount of demand (Rs.)	Amount deposited against demand (Rs.)
2010-11	8,40,669	4,20,335
2011-12	6,79,839	3,39,920
Total	15,20,508	7,60,255

For rest of the amount the Company is perusing the matter with CTD, Bangalore and the same is pending.

PART II – LITIGATIONS AGAINST OUR SUBSIDIARIES

A. LITIGATION AGAINST OUR SUBSIDIARIES

1. Litigation involving Civil Laws

NIL

2. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

3. Litigation involving Securities Law and Economic Offences

NIL

4. Litigation involving Labor Laws

NIL

5. Litigation involving Taxation Liabilities

(i) Outstanding Direct Tax Proceedings

NIL

(ii) Outstanding Indirect Tax Proceedings

NIL

6. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

B. LITIGATION BY OUR SUBSIDIARIES

1. Litigation involving Civil Laws

NIL

2. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

3. Litigation involving Securities Law and Economic Offences

NIL

4. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

5. Litigation involving Labor Laws

NIL

6. Litigation involving Taxation

(i) Outstanding Direct Tax Proceedings

NIL

(ii) Outstanding Indirect Tax Proceedings

NIL

PART III – LITIGATIONS AGAINST OUR PROMOTER(S)

A. CASES FILED AGAINST THE PROMOTER(S)

1. Litigation involving Civil Laws

NIL

2. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

3. Litigation involving Securities Law and Economic Offenses

NIL

4. Litigation involving Tax Liabilities

i. Outstanding Direct Tax Proceedings:

(i) Sh. Kapil Agarwal

The Income Tax Department issued show cause notice under Section 179 of the IT Act dated 23.10.2018 against Sh. Kapil Agarwal and Sh. Ankit Agarwal, in the capacity of them acting as director in a private company. In this respect, Sh. Kapil Agarwal and Sh. Ankit Agarwal are in the process of filing writ petition against the said notice before the Hon'ble Rajasthan High Court.

ii. Outstanding Indirect Tax Proceedings:

NIL

5. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

B. CASES FILED BY OUR PROMOTER(S)

1. Litigation involving Civil Laws

NIL

2. Litigation involving issues of Moral Turpitude and Criminal Liability

NIL

3. Litigation involving Securities Law and Economic Offenses

NIL

4. Litigation involving Tax Liabilities

i. Outstanding Direct Tax Proceedings:

i) Sh. J P Agarwal

An application before the Hon'ble Income Tax Settlement Commission ("ITSC") was filled and the same was allowed to be proceeded *vide* order dated 21.12.2017 under section 245(2C) of the IT Act. As per the application all taxes have been paid and no tax liability is pending as on date. The said application is pending for adjudication before the ITSC as on date. During the pendency the jurisdiction of the cases relating to A.Y. 2010-11 to 2016-17, lies only with ITSC and accordingly no action can be taken by the Income Tax Authorities in respect of the cases till the matter is disposed by the ITSC.

(ii) Sh. Kapil Agarwal

The income tax authorities assessed income of Sh. Kapil Agarwal for A.Y. 2010-11, 2012-13, 2013-14, 2015-16 and 2016-17 by making additions to the returned income on protective basis in respect of the income declared by Sh. J P Agarwal in his application submitted before the ITSC. As per the said application, Sh. J P Agarwal has paid tax on the income which has been assessed in the hands of Sh. Kapil Agarwal on protective basis by the department. Following demand is raised by the department on protective basis:

Assessment Year	Demand amount (Rs.)
2010-11	1,59,810/-
2012-13	1,26,09,660/-
2013-14	1,98,62,120/-
2015-16	2,65,53,380/-
2016-17	19,93,061/-
Total	6,11,78,031/-

Sh. Kapil Agarwal has not accepted the assessment order wherein additions are made on protective basis to his returned income. On 20.01.2018, he challenged the assessment orders by filling appeal before the CIT(A) for all the assessment years under consideration. The Income Tax Department will take action in respect of the outstanding demand raised on Sh. Kapil Agarwal only after ITSC will pass order disposing the application filed by Sh. J P Agarwal.

(iii) Smt. Geeta Devi Jagdish Prasad Agarwal

- (a) The income tax authorities have assessed income of Smt. Geeta Devi Jagdish Prasad Agarwal for A.Y. 2012-13 and 2013-14 by making additions to her returned income on protective basis in respect of the income declared by Sh. J P Agarwal in his application submitted before the ITSC. As per the said application, Sh. J P Agarwal has paid tax on the income which has been assessed in the hands of Shri. Kapil Agarwal on protective basis by the department. Following demand is raised by the department on protective basis:

Assessment Year	Demand amount (Rs.)
2012-13	1,84,53,470/-
2013-14	2,53,69,130/-
Total	4,38,22,600/-

Smt. Geeta Devi Jagdish Prasad Agarwal has not accepted the assessment order wherein additions are made on protective basis to her returned income. On 20.01.2018, she challenged the assessment orders by filling appeal before the CIT (A) for all the assessment years under consideration and on 29.06.2018 she has submitted rectification applications before the assessing officer. The Income Tax Department will take action in respect of the outstanding demand raised on Smt. Geeta Devi Jagdish Prasad Agarwal only after ITSC will pass order disposing the application filed by Sh. J P Agarwal.

- (b) There is an outstanding demand of Rs. 1,80,780/- for A.Y. 2015-16 on Smt. Geeta Devi Jagdish Prasad Agarwal. She has filed rectification request on 29.01.2018 and the same is pending.
- (c) For 2016-17, the income tax authorities assessed the income of Smt. Geeta Devi Jagdish Prasad Agarwal at Rs. Nil. However, demand of Rs. 3,10,127 was raised on her. She has filed rectification application against these demands on 29.01.2018 and the same is pending

ii. Outstanding Direct Tax Proceedings:

NIL

5. Litigation Involving Actions by Statutory/Regulatory Authorities

NIL

PART IV – POTENTIAL LITIGATION AGAINST THE COMPANY

- The Income Tax Department had filed an appeal before the Hon'ble Income Tax Appellate Tribunal, Jodhpur Bench, Jodhpur, Rajasthan ("ITAT") against the order of Commissioner of Income Tax (Appeals) ("CIT(A)") passed in the name of the Company pertaining to A.Y. 2011-12, 2014-15 and 2015-16. ITAT has adjudicated the matter in favor of the Company *vide* its order dated 18.01.2019. The Income Tax Department may challenge the said order of ITAT before the Hon'ble High Court. Following are the details of demand amount involved:

Assessment Year	Date of Assessment Order	Demand amount in dispute (Rs.)
2011-12	31.12.2017	2,85,35,440/-
2014-15	31.12.2017	2,55,02,510/-
2015-16	31.12.2017	55,14,091/-
Total		5,95,52,041/-

- Given below are the details of charge for which the Company has filled necessary forms with the Ministry of Corporate Affairs and also the satisfaction letter/ no-objection certificate has been issued by the respective lender. However, the same are still reflecting on the website of Ministry of Corporate Affairs as open. Accordingly, the Company is in the process of getting the same removed from the website of Ministry of Corporate Affairs.

Sr. No.	Charge ID	Bank	Amount	Date of NOC
1	90072789	Industrial Development Bank of India	200.00 Lacs	22.11.2005
2	90072778	Industrial Development Bank of India	200.00 Lacs	22.11.2005
3	90072732	Industrial Development Bank of India	200.00 Lacs	22.11.2005
4	90072490	Industrial Development Bank of India	50.00 Lacs	22.11.2005
5	90072415	Industrial Development Bank of India	80.00 Lacs	10.07.2003

PART V – POTENTIAL LITIGATION AGAINST THE PROMOTER(S)

- The disclosure pertaining to aggregate shareholding and voting rights for the financial year 2017-18 required to be filled by the promoters under Regulation 30 of the SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011 has been filled on 05.07.2018. The said disclosure is to be made within seven (7) working days from the end of financial year. Delayed disclosure may entail regulatory actions against the promoters of the Company.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies and/or other statutory bodies which are required for undertaking this Issue and carrying on our present business (as applicable on date of this Draft Letter of Offer) and except as mentioned below, no further major approvals are required for the purpose of this Issue and for carrying on our present business.

It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals and licenses are all valid as of the date of this Draft Letter of Offer.

Except for the following material approvals, no further material approvals from any governmental or regulatory authority are pending to undertake the Issue or continue our Company's business activities:

I. PENDING MATERIAL APPROVALS FOR THE ISSUE

NIL

II. PENDING MATERIAL APPROVALS/ LICENSES/ PERMISSIONS TO CONDUCT OUR BUSINESS

A. Material approvals for which renewal applications have been made by our Company

- (i) The Company has made an application dated September 29, 2018 and deposited the necessary fee for renewal of consent to operate under Section 25/26 of the Water (Prevention and Control of Pollution) Act, 1974) for its factory at Udaipur, Rajasthan.
- (ii) The Company has made an application dated September 29, 2018 and deposited the necessary fee for renewal of the consent to operate under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for its factory at Udaipur, Rajasthan.

B. Material approvals which have expired and for which renewal applications are yet to be made by our Company

NIL

C. Material approvals required for which no application has been made by our Company

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board of Directors under Section 62 and other provisions of the Companies Act 2013, at its meeting held on February 27, 2019.

Our Company has obtained in-principle approval from the BSE for using its name in the Draft Offer of Letter pursuant to an approval letter dated [•]. For the purpose of this Issue, BSE is the Designated Stock Exchange.

The Board of Directors or Committee thereof in their meeting held on [•] have determined the Issue Price as Rs. [•] per Rights Equity Share and the Rights Entitlement as [•] Rights Equity Share(s) for every [•] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager to the Issue.

Prohibition by SEBI, the RBI or other Governmental Authorities

BSE *vide* letter no. List/rkk/sna/alf-susp/2002/523483 had suspended the trading in the securities of our Company with effect from January 07, 2002 due to non-compliance of provisions of the Listing Agreement. However, BSE *vide* Notice No. 20090519-13, revoked the said suspension in trading of equity shares of Our Company with effect from May 25, 2009. Except as mentioned above, none of our Company, our Promoters, our Promoter Group, our Director(s) and person(s) in control of our Promoters or our Company are or have ever been prohibited from accessing or operating in the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/ court.

Neither our Promoters, nor any of our Director(s) or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any securities market regulator in any other jurisdiction or any other authority/ court. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Neither our Company, nor any of our Promoters, Group Companies, nor our Director(s), nor the relatives (as per the CA, 2013) of our Promoters are or have been identified as willful defaulters by the RBI or any other governmental authorities.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

Association with Securities Market

We confirm that none of our Director(s), Promoter(s) or Promoter Group are associated with the securities market in any manner except for trading on day to day basis for the purpose of investment.

Compliance with Regulation 62 (1) of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 62(1), to the extent applicable. Further, in relation to compliance with Regulation 62 (1) (a) of the SEBI ICDR Regulations, our Company undertakes to make an application to BSE for listing of the Rights Equity Shares to be issued pursuant to this Issue. Since our Company is listed only at BSE, the Designated Stock Exchange for the Issue shall be BSE.

Eligibility for the Issue

Our Company is eligible to make this Rights Issue in terms of Chapter III of SEBI ICDR Regulations. Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information with the BSE in compliance with the Listing Agreement and/or the provisions of the Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Board.

2. The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE.
3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of powers by our Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. LEAD MANAGER(S) INDIANIVESH CORPORATE FINANCE PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER(S) IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER(S) INDIANIVESH CORPORATE FINANCE PRIVATE LIMITED HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED MARCH 5, 2019 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
 - (b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE**

COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE**
- (5) WE CERTIFY THAT THE WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE**
- (6) WE CERTIFY THAT ALL APPLICABLE PROVISIONS OF THESE REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE**
- (7) WE UNDERTAKE THAT ALL APPLICABLE PROVISIONS OF THESE REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTERS CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS CERTIFICATE TO THE EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE**
- (8) WE CERTIFY THAT NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT. TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 90 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED**
- (9) WE CERTIFY THAT THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE "MAIN OBJECTS" IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION.**

- (10) WE CERTIFY THAT THE DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN RELATION TO THE BUSINESS OF THE ISSUER, THE RISKS IN RELATION TO THE BUSINESS, EXPERIENCE OF THE PROMOTERS AND THAT THE RELATED PARTY TRANSACTIONS ENTERED INTO FOR THE PERIOD DISCLOSED IN THE OFFER DOCUMENT HAVE BEEN ENTERED INTO BY THE ISSUER IN ACCORDANCE WITH APPLICABLE LAWS.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER(S) ANY IRREGULARITIES OR LAPSES IN LETTER OF OFFER.

Disclaimer from our Company, our Director(s) and the Lead Manager

We and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at her/his own risk.

We and the Lead Manager shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in the Draft Letter of Offer. You must not rely on any unauthorized information or representations.

The Draft Letter of Offer is rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

Disclaimer in Respect of Jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

Filing with SEBI

This Draft Letter of Offer has been filed with the Southern regional office of SEBI, located at D'Monte Building, 3rd Floor, No. 32, D'Monte Colony, TTK Road, Alwarpet, Chennai – 600 018 India for its observations and with the Stock Exchange. After SEBI gives its observations, the Letter of Offer shall be filed with the Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of our Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Eligible Equity Shareholders and will dispatch the Letter of Offer and Composite Application Form (“CAF”) to the Shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the Issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the US or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

We are making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to such Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

IMPORTANT INFORMATION FOR INVESTORS - ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such persons following the offer.

The rights and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any 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.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Rights Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by acceptance of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and of the rights or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and such other information as it deems necessary to make an informed investment decision and that:

- (a) the purchaser is authorised to consummate the purchase of the rights or Rights Equity Shares in compliance with all applicable laws and regulations;
- (b) the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (c) the purchaser is purchasing the rights or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (d) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- (e) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (f) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Equity Shares, or any economic interest therein, such rights or Rights Equity Shares or any economic interest therein may

be offered, sold, pledged or otherwise transferred only (i) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; and (ii) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until we determine, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

- (g) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Equity Shares;
- (h) the purchaser understands that such rights or Rights Equity Shares (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (i) The purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such rights or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Equity Shares being sold;
- (j) we will not recognise any offer, sale, pledge or other transfer of such rights or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- (k) the purchaser acknowledges that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such rights or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.
- (l) each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) who receives any communication in respect of, or who acquires any rights or Rights Equity Shares under, the offers contemplated in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will be deemed to have represented, warranted and agreed to and with Lead Manager and our Company that in the case of any rights or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive;
- (m) the rights or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- (n) where rights or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing on the Stock Exchange

The existing Equity Shares of our Company are listed on the BSE. We have made an application to the BSE for obtaining ‘in-principle’ approval in respect of the Rights Equity Shares, and have received the same from the BSE by way of its letter dated [•]. We will apply to the BSE for listing and trading approvals in respect of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by the BSE, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Consents

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, the Legal Advisor to the Issue, the Registrar to the Issue, the Registrar to the Issue and Share Transfer Agent to the Company and the Banker(s) to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

M/s. Ravi Sharma & Co., Chartered Accountants, our Statutory Auditors, have given their written consent for the inclusion of their report appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

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

Our Company has received a written consent from the Statutory Auditors namely, Ravi Sharma & Co., to include their name as required under Section 26(1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, and as “experts”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as an auditor and in respect of their (a) audit report dated May 30, 2018 on our financial statements for the year ended March 31, 2018, their (b) limited review report dated February 8, 2019 on unaudited financial results for the nine months period ended December 31, 2018, and (c) their report dated February 22, 2019 on the Statement of Possible Special Tax Benefits included in this Draft, and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, they should not be construed as “experts” as defined under U.S. Securities Act, 1933.

Issue Related Expenses

The Issue related expenses comprise of fees payable to the Lead Manager, Legal counsel, Auditors, Registrar to the Issue, printing and stationery expenses, advertising and marketing expenses, underwriting fees, selling commission and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange. For details of total expenses of the Issue, refer to chapter “Objects of the Issue” beginning on page no. 52 of this Draft Offer of Letter.

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue i.e. Link Intime India Private Limited. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSBs in case of ASBA Applicants giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the designated branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the renounce should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue at:

Registrar to the Issue

LINKIntime

Link Intime India Private Limited

Address: C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400083

Tel: +91 22 4918 6270

Fax: +91 22 4918 6060

Email: rnt.helpdesk@linkintime.co.in

Investor grievance email: rnt.helpdesk@linkintime.co.in

Contact Person: Mr. Jitendra Ranade

CIN No.: U67190MH1999PTC118368

Website: www.linkintime.co.in

SEBI Registration Number: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matter such as non-receipt of letter of Allotment, credit of Rights Equity Shares, refund and such other matters. The contact details of the Compliance Officer are as follows:

Company Secretary and Compliance Officer

Name: Mr. Sachin Shah

Address:

Village Bedla, Udaipur-313001

Tel No. 0294-2440933, 2440388

Email: companysecretary@pacificindustriesltd.com

Status of Complaints

- i. Total number of complaints received during Fiscal 2016: 16
- ii. Total number of complaints received during Fiscal 2017: 9
- iii. Total number of complaints received during Fiscal 2018: 4
- iv. Time normally taken for disposal of various types of investor complaints: 15 days
 - (a) Share transfer process: Within 15 days after receiving full set of documents
 - (b) Share transmission process: Within 21 days after receiving full set of documents
 - © Other Complaints: Within 15 days from the receipt of the complaint

Status of outstanding investor complaints

As on the date of the DLOF, there were Nil outstanding investor complaints.

Changes in Auditor during the last three years

Other than as disclosed below, there has been no change in the statutory auditors in the last 3 years.

Name of the Auditor	Date of Change	Date of Completion of tenure	Reason for change
M/s. A. Bafna & Co. to M/s. Ravi Sharma & Co.	29/09/2017	In 28th Annual General Meeting	Completion of term of A. Bafna & Co., Chartered Accountants

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “Terms of the Issue” on page 187 of the Draft Letter of Offer.

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of this Draft Letter of Offer.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIB investors, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, who intend to participate must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than Rs. 2,00,000 can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “*Terms of the Issue - Procedure for Application*” on page 206.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with:

- a. the resolution passed by our Board of Directors under Section 62 and other provisions of the Companies Act 2013, at its meeting held on February 27, 2019;
- b. In-principle approval from BSE dated [●]; and

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as Rs.[●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager to the Issue.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company, as on the Record Date, i.e. [●] you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAFs and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 206

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE

Face Value

Each Equity Share will have the face value of Rs.10.

Issue Price

Each Equity Share shall be offered at an Issue Price of Rs.[●] per Equity Share for cash (including a premium of Rs. [●] per Rights Equity Share).

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

Terms of Payment

The full amount of Issue Price Rs. [●] is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] of every Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date.

Further, the Equity Shareholders holding less than one Equity Shares shall have 'zero' entitlement in the Rights Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable.

Ranking of the Equity Shares

The Rights Equity Shares being issued and Allotted pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividends with our existing Equity shares.

Mode of payment of dividend

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing equity shares are currently listed and traded on BSE (Scrip Code: 523483) under the ISIN INE883C01025. The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchange in the demat segment only.

We have made an application for “in-principle” approval for listing of the Rights Equity Shares to the BSE. We have received such approval from the BSE dated [●]. We will apply to the BSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchange. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be

allotted pursuant to the Issue shall be taken in accordance with law. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE under the existing ISIN for Equity Shares.

Intention and extent of participation by our Promoters and Promoter Group in the Issue

Our Promoter and entities forming part of our Promoter Group have, vide their letters dated February 27, 2019 (the "Subscription Letters") have undertaken to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the Takeover Regulations and the applicable law. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10(4)(b) of the Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Rights of the Rights Equity Shareholder

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Rights Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Equity Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are jointholders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Offer to Non-Resident Eligible Equity Shareholders/Investors

Applications received from NRs for Equity Shares under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“**FEMA 20, 2017**”). The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a right basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located, in our case being, Kannada daily and/or, will be sent by ordinary post/registered post/speed post the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridged Letter of Offer/CAF and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.

All QIB applicants, Non-Institutional Investors and other Applicants whose Application Amount exceeds Rs. 2 lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed Rs. 2 lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than Rs. 2 lakhs can participate in the Issue either through the ASBA process or then on ASBA process.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

CAF

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer along to all Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue - Application on Plain Paper*" on pages 198 and 208.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by renouncee(s);
- Part D: Form for request for Split Application Forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Equity Shareholder is entitled to.

An Eligible Equity Shareholder can:

- Apply for Rights Entitlement of Equity Shares in full;
- Apply for Rights Entitlement of Equity Shares in part (without renouncing the other part);
- Apply for Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part without renouncing the balance, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker(s) to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai, demand draft payable at Mumbai to the Registrar to the Issue by registered post/speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "*Mode of Payment for Resident Equity Shareholders/Investors*" and "*Mode of Payment for Non-Resident Equity Shareholders/Investors*" on page 200.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue-Basis of Allotment*" on page 214.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required. FVCIs, Category - I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, see “*Terms of the Issue - Investment by FPIs and NRIs*” and “*Terms of the Issue - Investment by AIFs, FVCIs and VCFs*” on pages 218.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors), (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitutions or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part ‘C’ of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renounees, all joint Renounees must sign Part 'C' of the CAF.

To renounce in part/or the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/DP, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renounee(s) without assigning any reason thereof. All such applications will be treated as applications from Renounees and shall have to be made through then non-ASBA process only to be considered valid for allotment.

APPLICATIONS FOR NON-ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed Rs. 2 lakhs as well as Renounees. All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.

Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A (<i>All joint holders must sign in the same sequence</i>)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign in the same sequence</i>)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign in the same sequence</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below: (a) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. (b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (<i>all joint holders must sign in the same sequence</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign in the same sequence</i>)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options 3, 4 and 5 will not be available for Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before last date for receiving request for SAF(s).
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulations of the U.S Securities Act, 1933), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque/demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications.

Our Company or the Registrar to the Issue or the Lead Manager, shall not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper- Non ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the “Pacific Industries Limited– Rights Issue – R” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of the “Pacific Industries Limited – Rights Issue – NR” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

The envelope should be superscribed “Pacific Industries Limited – Rights Issue – R” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “Pacific Industries Limited – Rights Issue – NR” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Pacific Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ‘[•]’ per Rights Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date are in the physical form);

- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories' records
- In case of Non-Resident Equity Shareholders, NRE/FCNR/NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/FCNR/NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to, or for the account or benefit of a "U.S. Person" as defined in Regulation S under the US Securities Act ("Regulation S"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in

Last date for Application

The last date for submission of the duly filled in CAF or plain paper application is [I%]. Our Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

Mode of payment for Resident Equity Shareholders/Investors

All cheques/drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "Pacific Industries Limited – Rights Issue – R".

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "Pacific Industries Limited – Rights Issue – R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

LINKIntime

LINK INTIME INDIA PRIVATE LIMITED

Address: C 101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai 400083

Tel: +91 22 4918 6270

Fax: +91 22 4918 6060

Email: rnt.helpdesk@linkintime.co.in

Investor grievance email: rnt.helpdesk@linkintime.co.in

Contact Person: Mr. Jitendra Ranade

Website: www.linkintime.co.in

SEBI Registration Number: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- All non-resident Investors should draw the cheques/demand drafts in favour of "Pacific Industries Limited – Rights Issue – R" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "Pacific Industries Limited – Rights Issue – NR" in case of the non-resident shareholders applying on repatriable basis, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.

- Non-resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked as “Pacific Industries Limited – Rights Issue – NR” payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By cheque/draft on a Non-Resident External Account (“NRE”) or Foreign Currency Non-Resident (“FCNR”) Account maintained in India;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;
- Non-resident Investors applying with repatriation benefits should draw cheques/drafts in favour of and marked “Pacific Industries Limited – Rights Issue – NR” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges;
- FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected;
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers;
- Payments through NRO accounts will not be permitted; or
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “Pacific Industries Limited– Rights Issue – R” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on

application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- Investors may note that where payment is made by drafts purchased from NRE/FCNR/NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

General instructions for non-ASBA Investors

- a. Please read the instructions printed on the enclosed CAF carefully.
- b. Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed Rs. 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- c. Application should be made on the printed CAF, provided by our Company except as mentioned under the head “*Application on Plain Paper-non ASBA*” on page 198 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.
- d. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- e. Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected.
- f. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

- g. Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- h. All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- i. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- j. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- k. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- l. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- m. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialised form.
- n. SAFs cannot be re-split.
- o. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- p. Investors must write their CAF number at the back of the cheque/demand draft.
- q. Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- r. A separate cheque/draft must accompany each CAF. Outstation cheques/demand drafts or post-dated cheques and postal/money orders will not be accepted and applications accompanied by such cheques/demand drafts/money orders or postal orders will be rejected.

- s. No receipt will be issued for application money received. The Banker to the Issue/Collecting Bank/Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- t. The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the IT Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and
- Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground; and
- Do not submit Application accompanied with Stock invest.

Grounds for Technical Rejection for non-ASBA Investors

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or with the Registrar (in the case of physical holdings);

- Age of Investor(s) not given (in case of Renouncees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques/post-dated cheques/money order/postal order/outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form, applying through the non-ASBA process; and
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding Rs. 2,00,000, who hold Equity Shares in dematerialised form, applying through the non-ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed Rs. 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, our Directors, affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. In relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds Rs. 2 lakhs shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than Rs. 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> in and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

ASBA Investors who are eligible to apply under the ASBA Process

An ASBA Investor is an investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs. The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

All QIBs and Non-Institutional Investors and investors making an application for a value of more than Rs. 2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for:
 - (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and

- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment under ASBA process

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the ASBA Investors applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed Rs. 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue -Basis of Allotment*” on page 214.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees nor can renounce their Rights Entitlement.

Application on Plain Paper - ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “Pacific Industries Limited– Rights Issue – R ” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “Pacific Industries Limited– Rights Issue – NR ” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Pacific Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of ‘[•] per Rights Equity Share;

- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**") or to or for the account or benefit of a "U.S. Person" as defined in Regulation S under the US Securities Act ("**Regulation S**"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States or a "U.S. Person" (as defined in Regulation S,) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Equity Shares in Dematerialised Form

EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

Issuance of Intimation Letters

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process:

- a. Please read the instructions printed on the CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorising the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- d. The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- e. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- f. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- h. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

- i. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- j. Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncees(s) are eligible to participate.
- k. ASBA Investors who intend to subscribe the Rights Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- l. All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- m. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper - ASBA*” on page 208.
- n. In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- o. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding Rs. 2 lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed Rs. 2 lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- p. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- q. Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to [number of Equity Shares as the case may be applied for] X [Issue Price of Equity Shares, as the case may be]) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.

- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

Don'ts:

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue/Registrar/Collecting Banks (assuming that such Collecting Bank is not a SCSB)/to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Investors

- In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 204, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/Registrar/Collecting Bank (assuming that such Collecting Bank is not a SCSB)/to a branch of a SCSB which is not a Designated Branch of the SCSB/Company.
- Renouncee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.

- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renouncee not applying through the ASBA process applying through the ASBA process.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be

made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date	[•]
Last date for receiving requests for Split Application Forms	[•]
Issue Closing Date	[•]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [•]
Date of Allotment	On or about [•]
Initiation of Refunds	On or about [•]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [•]
Commencement of trading of Rights Equity Shares on the Stock Exchange	On or about [•]

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (c) Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under

(a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above, and the decision of the Board in this regard will be final and binding.
- (f) After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, alongwith:

- The amount to be transferred from the (a) ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Underwriting

The Issue is not underwritten.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for

conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non-Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

- 1) **NACH** –National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) **Direct Credit** –Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) **RTGS** –If the refund amount exceeds Rs. 2 lakhs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors, the refund orders will be despatched through speed post/registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/Share Certificates/Demat Credit

Allotment advice/share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Option to receive Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL on January 22, 2001 and with CDSL on January 22, 2001 which enables the Investors to hold and trade Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. The ISIN number of the Equity Shares is INE883C01025.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.

- The Rights Equity Shares allotted to applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Investment by FPIs and NRIs

On January 7, 2014, the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

Under the FEMA 20, 2017, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company.

The investments by NRIs are governed by the Regulation 5(3) and Regulation 3(4) of the FEMA 20, 2017.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms and (iii) shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category IIIFPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds Rs. 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed Rs.2 lakhs.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10.00 lakhs or 1.00% 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 (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10.00 lakhs or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 20.00 lakhs or with both.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue/Registrar to the Issue/SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- a. All the monies received out of the Issue shall be transferred to a separate bank account.
- b. Details of the all monies utilised out of the Issue, referred to in sub-item (a), shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.
- c. Details of all unutilised monies out of the Issue, if any, referred to in sub-item (a), shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.
- d. Our Company shall utilise the funds collected in this Issue only after the approval of the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

- a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalisation of basis of allotment.
- c. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- e. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
- f. The certificates of the securities/refund orders to the non-resident Indians shall be dispatched within the specified time.
- g. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
- h. At any given time, there shall be only one denomination of Equity Shares of our Company.
- i. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

- Please read this Draft Letter of Offer and the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed **“Pacific Industries Limited-Rights Issue”** on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

LINKIntime

LINK INTIME INDIA PRIVATE LIMITED

Address: C 101, 247 Park, L.B.S. Marg,

Vikhroli (West), Mumbai 400083

Tel: +91 22 49186270

Fax: +91 22 49186060

Email: rnt.helpdesk@linkintime.co.in

Investor grievance email: rnt.helpdesk@linkintime.co.in

Contact Person: Mr. Jitendra Ranade

Website: www.linkintime.co.in

CIN No.: U67190MH1999PTC118368

SEBI Registration Number: INR000004058

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “*Risk Factors*” on page 16.

The Issue will remain open for minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts referred to in para (A) have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer.

Copies of the above mentioned contracts and also the documents for inspection referred to in para (B), may be inspected at the Registered Office and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Draft Letter of Offer until the closure of the subscription list.

Any of the contracts or documents mentioned in this Draft Letter of Offer 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

1. Issue Agreement dated February 27, 2019 between our Company and IndiaNivesh Corporate Finance Private Limited, Lead Manager to the Issue;
2. Agreement dated [•] between our Company and M/s Link Intime India Private Limited, Registrar to the Issue

(B) DOCUMENTS FOR INSPECTION

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated July 13, 1989.
3. Fresh certificate of incorporation dated November 25, 1994 pursuant to the change of name from 'Pacific Granites Limited' to 'Pacific Industries Limited'.
4. Copy of the resolution of the Board of Directors under Section 62 of the Companies Act passed in its meeting dated February 27, 2019 authorizing the Issue.
5. Consents of the Directors, Company Secretary and Compliance Officer, Legal Advisors to the Issue, Statutory Auditor, Lead Manager to the Issue and Registrar to the Issue to include their names in the Offer Document to act in their respective capacities;
6. Annual reports of our Company for the financial years ended March 31, 2014, 2015, 2016, 2017 and 2018;
7. Unaudited financial results for the nine months ended December 31, 2018.
8. A statement of tax benefits dated February 22, 2019 received from M/s. Ravi Sharma & Co., Chartered Accountants, Statutory Auditor regarding tax benefits available to our Company and its shareholders;
9. Certificate dated February 20, 2019 from M/s. Ravi Sharma & Co., Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
10. Sanction letter for Unsecured Loan obtained from Biswas Solar Instruments Private Limited.
11. Tripartite Agreement between our Company, National Securities Depository Ltd. (NSDL) and Registrar to the Issue;

12. Sanction Letter dated November 11, 2018 of HDFC Bank for sanction of Credit facilities
13. Auditors Certificate for Sources & Deployment of Funds.
14. Tripartite Agreement between our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue;
15. Due Diligence Certificate dated March 5, 2019 by IndiaNivesh Corporate Finance Private Limited, Lead Manager to the Issue;
16. In-principle listing approval(s) dated [•] from BSE Limited;
17. Observation letter no. [•] dated [•] received from SEBI;

Any of the contracts or documents mentioned in the Letter of Offer 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 Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Offer Document contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made thereunder or regulations issued thereunder as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Offer Document is true and correct.

Name	Signature
Jagdish Prasad Agarwal	Sd/-
<i>Chairman & Managing Director</i>	
Kapil Agarwal	Sd/-
<i>Director & CFO</i>	
Geetadevi Jagdish Agarwal	Sd/-
<i>Non-Executive Director</i>	
Vinod Choudhary	Sd/-
<i>Non-Executive Independent Director</i>	
Vikas Misra	Sd/-
<i>Non-Executive Independent Director</i>	
Pradeep Kumar Jain	Sd/-
<i>Non-Executive Independent Director</i>	
Sachin Shah	Sd/-
<i>Company Secretary & Compliance Officer</i>	

Place: Udaipur

Date: March 5, 2019