

# MKVENTURES CAPITAL LIMITED

(Formerly known as IKAB Securities and Investments Limited)

MKVentures Capital Limited ("Company" or "Issuer") was originally incorporated as "Kankani Textile Industries Limited" at Bombay on January 17, 1991 as a public limited company, under the Companies Act, 1956 and a Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra at Bombay. Thereafter our Company obtained a Certificate of Commencement of Business on February 27, 1991. The name of our Company was changed to Hindustan Sanforisers Limited on November 19, 1993 and thereafter to Ikab Securities and Investment Limited on June 18, 1998. The name of our Company has been changed to its current name vide fresh Certificate of Incorporation dated November 03, 2022. Our Registered Office has been shifted from 5, Raja Bahadur Compound 2<sup>nd</sup> Floor, 43 Tamarind Lane, Fort, Mumbai – 400 023, Maharashtra to the current address on April 01, 2022. We are registered with RBI as a NBFC bearing Registration Number CoR No.13.00690. For details of changes in the name and registered office of our Company, refer chapter titled "General Information" on page 43 of this Draft Letter of Offer.

**Registered Office:** 11<sup>th</sup> Floor, Express Towers, Ramnath Goenka Marg, Nariman Point, Mumbai 400 021, Maharashtra

**Tel:** +91 022 6267 3701 **Fax:** N.A.

**Contact Person:** Mr. Sanket Rathi, Company Secretary and Compliance Officer

**E-mail:** [info@mkventurescapital.com](mailto:info@mkventurescapital.com); **Website:** [www.mkventurescapital.com](http://www.mkventurescapital.com)

**Corporate Identification Number:** L17100MH1991PLC059848

**OUR PROMOTER :** MADHUSUDAN MURLIDHAR KELA

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MKVENTURES CAPITAL LIMITED (OUR "COMPANY") ONLY**

**ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER RIGHTS EQUITY SHARE AGGREGATING UP TO ₹ 4990.00 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 174 OF THIS DRAFT LETTER OF OFFER.**

\*Assuming full subscription with respect to Rights Equity Shares

## WILFUL DEFAULTERS OR FRAUDULENT BORROWER

Neither our Company, nor our Promoter or Directors are categorised as wilful defaulters or fraudulent borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the Reserve Bank of India.

AMOUNT PAYABLE PER RIGHTS EQUITY SHARE	FACE VALUE (₹)	PREMIUM (₹)	TOTAL (₹)
On Application	[●]	[●]	[●]
<b>Total</b>	<b>10.00</b>	[●]	[●]

\* For further details on Payment Schedule, see "Terms of the Issue" on page 174 of this Draft Letter of Offer.

## GENERAL RISK

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

## OUR COMPANY'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 this Issue, which is material in the context of this 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 are listed on BSE Limited ("BSE/ "Stock Exchange"). Our Company has received 'in-principle' approvals from the BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letter dated [●]. Our Company will also make applications to the BSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>Choice Capital Advisors Private Limited</b> Sunil Patodia Tower, J.B. Nagar, Andheri (East), Mumbai, 400 099 India <b>Contact Details:</b> +91 22 6707 9999 (Extension 451) <b>Email Address:</b> <a href="mailto:vivek.singhi@choiceindia.com">vivek.singhi@choiceindia.com</a> <b>Website:</b> <a href="http://www.choiceindia.com">www.choiceindia.com</a> <b>Contact Person:</b> Vivek Singhi <b>SEBI Registration Number:</b> INM000011872</p>	 <p><b>Link Intime India Private Ltd.</b> C 101, 1st Floors, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083, Maharashtra, India <b>Tel:</b> +91 22 810811 4949, <b>Fax:</b> +91 22 49186060 <b>Email:</b> <a href="mailto:mkventures.rights@linkintime.co.in">mkventures.rights@linkintime.co.in</a> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>Contact Person:</b> Mr Sumeet Deshpande <b>SEBI Registration Number:</b> INR000004058:</p>

## ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSURES ON**
[●]	[●]	[●]

\* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

\*\* Our Board or the Rights Issue Committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date

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## SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will be deemed to include all amendments, supplements, re-enactments and modifications thereto from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder. The words and expressions used but not defined in this Draft Letter of Offer will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable. The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The Terms used in “Summary of Letter of Offer”, “Restated Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 22,88,59,161 and 174 respectively of this Draft Letter of Offer, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

### General Terms

Term	Description
“Company”, “Our Company”, “the Company”, or “MKV”	MKVentures Capital Limited, a public limited company incorporated under the Companies Act, 1956 whose registered office is situated at 11 <sup>th</sup> Floor, Express Towers, Ramnath Goenka Marg, Nariman Point, Mumbai 400 021.
“We”, “Our”, “Us”, or “our Group”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, Our Company. as applicable, as at and during the relevant Financial Year.

### Company Related Terms

Term	Description
Articles of Association” or “Articles	Articles of Association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board
Auditors or Statutory Auditors	The statutory auditors of our Company, namely, ARSK & Associates., Chartered Accountants
Board of Directors, or Board or our Board	The Board of Directors of our Company or any duly constituted committee thereof.
Chairman and Managing Director	The Chairman and Managing Director of our Company, Mr Madhusudan Murlidhar Kela
Director(s)	The director(s) on our Board, as disclosed in “Our Management” on page 74 of this Draft Letter of Offer
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
Chief Financial Officer	The Chief Financial Officer of our Company, Mr. Rashmee Purushottam Mehta
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
Independent Directors	An Independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” on page 74 of this Draft Letter of Offer

Term	Description
Key Managerial Personnel or KMP	Key Managerial Personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, as disclosed in “Our Management” on page 74 of this Draft Letter of Offer.
Material Subsidiaries	None
Memorandum of Association	Memorandum of Association of our Company, as amended from time to time
“Non-Executive Director(s)”	A Director, not being an Executive Director of our Company.
Promoter	The promoter of our Company, being Mr Madhusudan Murlidhar Kela
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	Registered office of our Company situated at 11 <sup>th</sup> Floor, Express Towers, Ramnath Goenka Marg, Nariman Point, Mumbai 400 021
Rights Issue Committee	The Rights issue committee of our Board constituted through the resolution of the Board dated December 20, 2022.
Restated Financial Statements	Our restated Ind AS summary statement of assets and liabilities as at March 31, 2022, as at March 31, 2021 and as at March 31, 2020, and restated Ind AS summary statement of profit and loss, restated Ind AS summary statement of changes in equity and restated Ind AS summary statement of cash flows for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, together with the annexures, notes and other explanatory information thereon, derived from the annual audited financial statements as at and for year ended March 31, 2022, March 31, 2021 and March 31, 2020, prepared in accordance with Ind AS and restated in accordance with Section 26 of Part 1 of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI.
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable Accounting Standards. We have one subsidiary, viz. Destination Properties Private Limited, which is a wholly-owned subsidiary with effect from December 26, 2022.
Shareholders or “Equity Shareholders	The holders of the Equity Shares from time to time
Unaudited Financial Results	The unaudited, limited review standalone financial results of our Company as at and for the six-month period ended September 30, 2022

#### Issue Related Terms

Term	Description
Abridged Letter of Offer or ALOF	The Abridged Letter of Offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allotment or Allot or Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying credit to the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act

Term	Description
Allotment Account Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●]
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer, including an ASBA Investor
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application, i.e., ₹[●] per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue
Application Supported by Blocked Amount or ASBA	Application (whether physical or electronic) used by Applicant(s) to make an application authorising the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Applicant/ ASBA Investors	Eligible Equity Shareholders who make an application to subscribe to the Issue through ASBA process
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being [●]
Banker(s) to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange in this Issue, as described in “Terms of the Issue” on page 174 of this Draft Letter of Offer.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.

Term	Description
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholder(s)	Existing Equity Shareholders as at the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, please see "Notice to Investors" on page 14 of this Draft Letter of offer
Equity Shareholder(s) or Shareholders	Holder(s) of the Equity Shares of our Company
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the escrow account will be opened, in this case being, [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations
Issue Agreement	Issue Agreement dated February 02, 2023 between our Company and the Lead Manager
Issue or Rights Issue	This issue of up to [●] fully paid-up Equity Shares of face value of ₹10/- each of our Company for cash at a price of ₹[●] (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹4990.00 Lacs* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription respect to Rights Equity Shares</i>
Issue Closing Date	[●], 2023
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[●], 2023
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Application in accordance with the SEBI ICDR Regulations.
Issue Price	₹[●] per Equity Share On Application, investors will have to pay ₹[●] per Rights Equity Share which constitutes 100% of the Issue Price
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Rights Equity Shares aggregating up to ₹ 4990.00 Lacs* <i>*Assuming full subscription with respect to Rights Equity Shares</i>
Letter of Offer	The letter of offer dated [●] to be filed with the Stock Exchange and SEBI
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange in terms of the SEBI Listing Regulations
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see "Objects of the Issue" on page 54 of this Draft Letter of Offer

Term	Description
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchange from time to time and other applicable laws, on or before [●]
Payment Schedule	Payment schedule under which 100% of the Issue Price is payable on Application, i.e. ₹[●] per Rights Equity Share
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares in the Issue, being [●], [●]
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar Agreement	Agreement dated February ..., 2023 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Company	Link Intime India Private Limited
Registrar to the Issue	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Equity Shares to be Allotted pursuant to this Issue
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company.
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a>
Stock Exchange	Stock exchange where the Equity Shares are presently listed, being BSE Limited



Term	Description
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalisation of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

### Industry Related Terms

Term/Abbreviation	Description/ Full Form
AFC	Asset Finance Company
CIC-ND-SI	Systemically Important Core Investment Company
CRAR / Capital to risk weighted assets	The ratio measures a bank's financial stability by measuring its available capital as a percentage of its risk-weighted credit exposure
Commercial Banks	A bank that offers services to the general public and to companies
DFIs	Development Finance Institutions
Gross non-performing assets / GNPA	Gross non-performing loans are the sum of all the loans that have been defaulted by the individuals who have acquired loans from the financial institution.
IBC	Insolvency and Bankruptcy Code
IC	Investment Company
IFC	Infrastructure Finance Company
Insurance Companies	A financial intermediary which offer direct insurance or reinsurance services, providing financial protection from possible hazards in the future
LC	Loan Company
MGC	Mortgage Guarantee Companies
MSMEs	Micro, Small and Medium Enterprises
MUDRA or Micro Units Development and Refinance Agency	MUDRA is a public sector financial institution in India. It provides loans at low rates to micro-finance institutions and non-banking financial institutions which then provide credit to MSMEs
Mutual Funds	A mutual fund is a Company that brings together money from many people and invests it in stocks, bonds or other assets
NBFCs or Non-Banking Finance Companies	The entities that provide certain bank-like financial services but do not hold a banking license. NBFCs are not subject to the banking regulations and oversight by federal and state authorities adhered to by traditional banks
NOFHC	NBFC- Non-Operative Financial Holding Company
NBFC-ND-SI	Systemically important non-deposit taking non-banking financial Company
Net Owned Fund	Net Owned Funds means the aggregate of paid-up equity share capital and free reserves as reduced by accumulated losses and intangible assets
Pension Funds	A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

Term/Abbreviation	Description/ Full Form
Private Sector Banks or PVBs	Private sector banks are those in which private individuals or private corporations own a significant portion of the bank's equity
Public Sector Banks or PSBs	A public bank is a bank, a financial institution, in which a state, municipality, or public actors are the owners. It is an enterprise under government control
RBI	Reserve Bank of India
Return on Assets or ROA	The term return on assets (ROA) refers to a financial ratio that indicates how profitable a Company is in relation to its total assets
Return on Equity or ROE	It is a measure of financial performance calculated by dividing net income by shareholders' equity
SCBs	Scheduled Commercial Banks

### Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rs. or Rupees or INR	Indian Rupee
Adjusted Loans and Advances	Adjustment in the nature of addition to the loans and advances made in relation to certain loans which are treated as investments under Ind AS, but considered as loans by our Company
Adjusted EBITDA	Adjusted earnings before interest, taxes, depreciation, and amortisation
AIF(s)	Alternative Investment Fund, as defined and registered with SEBI under the SEBI AIF Regulations
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act or Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications notified thereunder
Companies Act 1956	The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder
Depositories Act	Depositories Act, 1996

Term/Abbreviation	Description/ Full Form
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository Participant Identity
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
EGM	Extraordinary general meeting
EPF	Employees' Provident Fund
EPFO	Employees' Provident Fund Organisation
EPS	Earnings Per Share
EUR	Euro
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / FY/ Fiscal	Period of 12 months ending March 31 of that particular year
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FIR	First Information Report
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross domestic product
GIR	General Index Register
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and Services Tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
Income-tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time

Term/Abbreviation	Description/ Full Form
IT	Information Technology
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
Net Worth	The aggregate value of the equity share capital, other equity and non-controlling interests
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non- Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in this Issue
OCI	Overseas Citizen of India
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
RoC	Registrar of Companies, Maharashtra at Mumbai
ROE	Return on Equity
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

Term/Abbreviation	Description/ Full Form
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Securities Act	United States Securities Act of 1933
Stamp Act	The Indian Stamp Act, 1899
Stock Exchange	BSE
STT	Securities Transaction Tax
State Government	Government of a State of India
TAN	Tax deduction account number
TDS	Tax deductible at source
Trademarks Act	Trade Marks Act, 1999
USD	United States Dollar
U.S./USA/United States	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
w.e.f.	With Effect From
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

## NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter (collectively “**Issue Material**”) and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Material may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch through email and will send / dispatch the Issue Material only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and sent / dispatched, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Issue Material from the websites of the Registrar, our Company and the Stock Exchange. 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 Issue Materials, shall not be sent any Issue Materials.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Material or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Material will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Issue Material must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Material should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Material to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Issue Material 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 the Issue Material.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form 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 Application Form. 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 the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

Neither the delivery of the Issue Material 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 the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Issue Material or the date of such information.

**THE CONTENTS OF THIS DRAFT LETTER OF OFFER 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 RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, 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 EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE 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 the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. 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, the Issue Material 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 in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter 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 Equity Shareholders and the Issue Material will be dispatched only to Eligible Equity 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, and (ii) it is authorized 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 Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber 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) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form 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 Application Form.

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

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**



## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

### Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

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.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

### Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer have been derived from our Restated Financial Statements. For details, please see “*Restated Financial Information*” on page 88 of this Draft Letter of Offer. Our Company’s financial year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ending on March 31 of the following calendar year.

The GoI has adopted the Ind AS, which are converged with the IFRS and notified under Section 133 of the Companies Act, 2013 read with the Ind AS Rules. The Restated Financial Statements of our Company for the Financial Years ended March 2020, March 2021 and March 2022 have been prepared in accordance with Ind AS read with the Ind AS Rules and other the relevant provisions of the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Indian Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in the Financial Statements in whole numbers and in this Draft Letter of Offer in “Lakh” units or in whole numbers where the numbers have been too small to represent in Lakh. One Lakh represents 1,00,000 and one million represents 10,00,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial

disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Restated Financial Information*” on page 88 of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounding off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

### **Currency and Units of Presentation**

All references to:

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

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units or in whole numbers. One Lakh represents 1,00,000 and one million represents 10,00,000. All the numbers in the document have been presented in Lakh or in whole numbers where the numbers have been too small to present in Lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Information.

### **Exchange Rates**

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

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	September 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
1 USD	81.55	75.81	73.50	75.39
1 Euro	80.11	84.66	86.10	83.05

(Source: [www.rbi.org.in](http://www.rbi.org.in) and [www.fbil.org.in](http://www.fbil.org.in))

### **Industry and Market Data**

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and

completeness are not guaranteed, and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 25 of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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

## FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

- adverse effect of competition on our market share and profits;
- changes in technology and our ability to manage any disruption or failure of our technology systems;
- our ability to:
  - manage our growth effectively;
  - manage our credit risk;
  - manage our quality of services;
  - hire and retain senior management personnel and other skilled manpower;
  - manage cost of compliance with labor laws or other regulatory developments;
  - manage our operating costs;
  - successfully implement our business strategies and expansion plans;
  - maintain effective internal controls;
- changes in general, political, social and economic conditions in India and elsewhere;
- general levels of GDP growth, and growth in employment and personal disposable income; and
- economic uncertainties, fiscal crises or instability in India.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 25, 71 and 144 respectively, 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 gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, nor our Directors, our Promoters, the Syndicate Member(s) or 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 the SEBI ICDR Regulations, our Company will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections, “Objects of the Issue”, “Outstanding Litigation and Defaults”, “Our Business” and “Risk Factors” on pages 54, 161, 71 and 25 respectively of this Draft Letter of Offer.

## SUMMARY OF INDUSTRY

NBFCs encompass a heterogeneous group of intermediaries and provide a whole range of financial services. Though heterogeneous, NBFCs can be broadly classified into three categories, viz., asset finance companies (such as equipment leasing and hire purchase), loan companies and investment companies. A separate category of NBFCs, called the residuary non-banking companies (RNBCs), also exists as it has not been categorised into any one of the above referred three categories. Besides, there are miscellaneous non-banking companies (Chit Fund), mutual benefit financial companies (Nidhis and unnotified Nidhis) and housing finance companies. As of October 01, 2022, there were 9,506 NBFCs registered with the RBI categorized as Asset Finance Companies, Loan Companies, Infrastructure Finance Companies (IFCs), Systematically Important Core Investment Company (NBFC – CIC – ND – SI), Infrastructure Debt Fund (NBFC – IDF) and Micro Finance Institutions (NBFC – MFIs).

For further details, please refer to the chapter titled “*Industry Overview*” at page 65 of this Draft Letter of Offer

## SUMMARY OF BUSINESS

We are an NBFC not accepting Public Deposits bearing certificate of registration 13.00690 issued by the Reserve Bank of India (“RBI”) on April 20, 1998. We are a Non-Banking Financial Company (NBFC), registered with Reserve Bank of India as a NBFC -Non Deposit taking-Non-Systemically Important (‘NBFC-ND-SI’). We have been in the business of providing financial services. Simple processes and procedures in sanction and disbursement of credit as well as timely, friendly, and flexible terms of repayment have been the USP of the Company.

For further details, please refer to the chapter titled “Our Business” at page 71 of this Draft Letter of Offer.

## OUR PROMOTER

The Promoter of our Company is Madhusudan Murlidhar Kela. For further details, see “*Our Promoters*” on page 84 of this Draft Letter of Offer.

## INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER

Pursuant to letter dated January 27, 2023 our Promoter has confirmed that he does not intend to subscribe to his Rights Entitlements and may renounce them in favour of third parties.

## OBJECTS OF THE ISSUE

The main object of the Issue is to achieve Minimum Public Shareholding of 25% of the paid-up capital of the Company. The Net Proceeds are proposed to be used in the manner set out in the following table:

(₹ in lakhs)

Particulars	Amount
To augment the capital base and to provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	4800.00
General corporate purposes	[•]
<b>Total Net proceeds</b>	<b>[•]</b>

*The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 54 of this Draft Letter of Offer.

## SUMMARY OF FINANCIAL INFORMATION

Following are the details as per the Restated Financial Information as at and for the Financial Years ended on March 31, 2020, March 31 2021 and March 31, 2022 and the unaudited Limited Reviewed results for the period ended September 30, 2022:

(₹ in lakhs)

S. No.	Particulars	Unaudited September 30, 2022*	Restated March 31, 2022*	Restated March 31, 2021*	Restated March 31, 2020*
1.	Authorised Share Capital	500.00	500.00	500.00	500.00
2.	Paid-up Capital	341.64	341.64	341.64	341.64
3.	Net Worth attributable to Equity Shareholders	1737.16	1548.57	1098.16	889.83
4.	Total Revenue	279.27	1,371.83	830.61	157.62
5.	Profit after tax	189.37	469.51	226.34	(115.84)
6.	Earnings per Share Basic Earnings Per Share diluted (in ₹)	5.54 5.54	13.74 13.74	6.63 6.63	(3.39) (3.39)
7.	Net Asset Value per Equity Share (in ₹) on (Basic weighted No. of Shares)	50.85	45.32	32.14	26.04
8.	Net Asset Value per Equity Share (in ₹) on (Diluted weighted No. of Shares)	50.85	45.32	32.14	26.04
9.	Total Borrowings	2,500.00	0.00	0.00	0.00

\*Figures in Brackets indicates losses

For further detail, please refer the section titled “*Financial Information*” on page 87 of this Draft Letter of Offer.

## SUMMARY OF OUTSTANDING LITIGATION

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter, our Directors and our Group Companies is provided below:

### Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	-	-
Tax Proceedings	-	-
Proceedings involving material violations of statutory regulations by our Company	2	Not quantifiable
Labour Matters	1	Not quantifiable
Economic offences	-	-
Material civil litigations above the materiality threshold	-	-
Other civil litigation considered to be material by our Company’s Board of Directors	-	-

\*To the extent quantifiable

ii) Cases filed by our Company:

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in lakhs)</b>
Criminal matters	-	-
Direct Tax Matters	-	-
Indirect Tax Matters	-	-
Other civil litigation considered to be material by our Company's Board of Directors	-	-

*\*To the extent quantifiable*

#### **Litigations involving our Promoters / Directors**

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in Lakhs)</b>
Criminal matters	-	-
Direct tax matters	-	-
Indirect tax matters	-	-
Other civil litigation considered to be material by our Company's Board of Directors	-	-

*\*To the extent quantifiable*

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 161 of this Draft Letter of Offer.

#### **RISK FACTORS**

Please see the chapter titled “*Risk Factors*” beginning on page 25 of this Draft Letter of Offer.

#### **SUMMARY OF CONTINGENT LIABILITIES**

For details of the contingent liabilities for the period ended March 31, 2022 and March 31, 2021, see “Financial Information” on page 87 of this Draft Letter of Offer.

#### **RELATED PARTY TRANSACTIONS**

For details of the Related Party Transactions entered into by our Company for the period ended March 31, 2022 and March 31, 2021 see “Financial Information – Related Party Transactions” on page 126 of this Draft Letter of Offer. For details of Related Party Transactions entered into by our Company for the period April 01, 2022 to January 31, 2023, see “Related Party Transactions” on page 85 of this Draft Letter of Offer.

#### **ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR**

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

#### **SPLIT OR CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR**

There has been no split or consolidation of Equity Shares in the last one year.



## SECTION II - RISK FACTORS

*An investment in the 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 the Equity Shares. In making an investment decision, prospective investors must rely on their own examination and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.*

*To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 65, 71 and 144 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, including the Lead Manager, has independently verified the information in the industry report or other publicly available information cited in this section.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 20 of this Draft Letter of Offer.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.*

*Materiality:*

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

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

*The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

*In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.*

*In this section, unless the context requires otherwise, any reference to “we”, “us” “our” or “MKV” refers to MKVentures Capital Limited.*

*The risk factors are classified as under for the sake of better clarity and increased understanding.*

### **Internal Risk Factors**

**1. *We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business.***

We operate in a highly competitive industry. Given the diversity of our businesses, and the products and services offered by us, we face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions, captive finance affiliates of players in various industries, small finance banks and other NBFCs who are active in SME, retail and individual lending. Many of our competitors may have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. They may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Competition in our industry depends on, amongst others, the ongoing evolution of government and regulatory policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India. In relation to the advisory and investment banking services we offer, we also face competition from banks, boutique investment bankers and consulting organizations. Potentially, these service providers could compete with us for business as well as procurement of funds at competitive rates. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in our increasingly competitive industry and our inability to compete effectively may adversely affect our business.

**2. *Our Company, is a party to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

Our Company is a party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums. Mentioned below are the details of the proceedings involving our Company, Promoter and Directors as on the date of this Draft Letter of Offer, along with the amount involved, to the extent quantifiable, based on the materiality policy for litigations, as approved by the Company in its Board meeting held on December 20, 2022.

**Litigations involving our Company**

i) Cases filed against our Company:

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in lakhs)</b>
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	-	-
Tax Proceedings	-	-
Proceedings involving material violations of statutory regulations by our Company	2	Not quantifiable
Labour Matters	1	Not quantifiable
Economic offences	-	-
Material civil litigations above the materiality threshold	-	-
Other civil litigation considered to be material by our Company's Board of Directors	-	-

*\*To the extent quantifiable*

ii) Cases filed by our Company:

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in lakhs)</b>
Criminal matters	-	-
Other civil litigation considered to be material by our Company's Board of Directors	-	-

*\*To the extent quantifiable*

**Litigations involving our Promoters / Directors**

iii) Cases filed against our Promoter / Directors:

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in lakhs)</b>
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company	-	-
Tax Proceedings	-	-
Proceedings involving material violations of statutory regulations by our Company	-	-
Labour Matters	-	-
Economic offences	-	-
Material civil litigations above the materiality threshold	-	-
Other civil litigation considered material	-	-

*\*To the extent quantifiable*

iv) Cases filed by our Promoters / Directors:

<b>Nature of Litigation</b>	<b>Number of matters outstanding</b>	<b>Amount involved* (₹ in lakhs)</b>
Criminal matters	-	-
Other civil litigation considered material	-	-

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” on page 161 of this Draft Letter of Offer.

**3. Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition**

The liquidity and profitability of our business majorly depend on our timely access to, and the costs associated with, raising funds. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Further, our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our customers. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including our current and future results of operations and financial condition, global and local macroeconomic conditions and the effect of events such as a pandemic, our risk management policies, the shareholding of Promoter in our Company, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. If we are unable to access funds at an effective cost that is comparable to or lower than that of our competitors, our net interest margins, income, and market share may be adversely affected.

Certain regulatory developments including the restrictions imposed on NBFCs by the RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015 (the “Master Circular”)

may restrict our ability to obtain bank financing for specific activities. Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain activities by NBFCs are ineligible for financing by banks, including certain types of discounting and rediscounting of bills, current and long term investments in shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies, lending by NBFCs to individuals for subscribing to public offerings and purchasing shares from the secondary market, unsecured loans, inter-corporate deposits provided by NBFCs, and subscription to shares or debentures by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues or in the form of loans of a temporary nature pending the raising of long-term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-Company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, or at all, which could adversely affect our liquidity and financial condition.

**4. *We are affected by volatility in interest rates for both our lending and fund raisings operations, which could cause our net interest income to decline and adversely affect our results of operations and profitability.***

A significant component of our revenue is the interest on term loans and other financing activity (net of reversal) we receive from the loans we disburse, which comprised ₹ 187.08 Lakhs or 13.64% of our total income of for the Year ended March 31, 2022 and 132.41 Lakhs or 15.94% of our total income for the Financial Year 2021.

Our net interest margins are affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including competition from other banks and NBFCs, the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates, we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to funds at a lower cost or lower cost deposits. To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. Further, our ability to pass on any increase in interest rates to borrowers may also be constrained by regulations implemented by the Government or the RBI. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin.

**5. *Any inability on our part to effectively utilize the Issue Proceeds could adversely affect our financial results. The objects of the Issue are based on the internal estimates of our management and have not been appraised by any bank or financial institution.***

The objects of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial results. Utilization of Issue proceeds would be disclosed to our Company's shareholders in the manner required under the SEBI LODR Regulations. For further details, please see to the section titled "Objects of the Issue" on page 54 of this Draft Letter of Offer.

- 6. We, as an NBFC have to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change in the norms could negatively affect our Company's operations, business, financial condition and the trading price of Equity Shares.**

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained / renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover, the applicable requirements may change from time. We are required to obtain and maintain a license for carrying on business as an NBFC. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/ criteria as and when required. Inability to meet the prescribed norms/ criteria, can adversely affect the operations and profitability of our Company.

- 7. Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of our Company.**

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. The loss of the services of senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition.

- 8. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

Our Company has experienced negative net cash flow in operating activities in the recent past, the details of which are provided below:

(₹ in Lakhs)

Particulars	Unaudited	Audited		
	September 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Net Cash Flow from / (used in) Operating Activities	(2,069.93)	(687.77)	(637.90)	(398.91)
Net Cash Flow from / (used in) Investment Activities	0.00	674.41	489.82	439.66
Net Cash Flow from / (used in) Financing Activities	2,500.00	0	0	0

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

- 9. Our Company is subject to periodic inspections by the RBI. Non-compliance with observations made during any such inspections could result in penalties and fines on our Company and/or our Subsidiary and could adversely affect the reputation of the business of our Company**

Our Company is subject to periodic inspections by the RBI of our Company's books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for obtaining any information, which our Company have failed to furnish when called upon to do so. The RBI conducts an annual inspection of our Company's books of accounts and other records relating to our financial position every year under Section 45N of the RBI Act. RBI inspections are a regular exercise and are carried out periodically by RBI for banks, financial institutions and NBFCs. While our Company has responded to the RBI observations, and has taken steps or is in the

process of taking steps to rectify the identified deficiencies, if our Company fails to comply with the RBI's observations or all of the terms and conditions stipulated in the observations, or fails to seek waivers or extensions of time for complying with these terms and conditions, the RBI may take adverse actions against our Company, such as revoking its registration/ licence or placing stringent restrictions on our Company's operations in case of any major non-compliance with RBI guidelines, circulars or notifications, as the case may be. Any major failure to meet the RBI's directions could materially and adversely affect our Company's pending applications or requests with the RBI and our Company's ability to obtain the regulatory permits and approvals required to expand our business, or result in the interruption of all or some of our Company's operations, which could have a material adverse effect on our Company's business, financial condition and results of operations.

***10. Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.***

We have to comply with numerous regulatory filings, maintenance of record etc under the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulation"), Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. While we have been generally compliant and there have been no penalties in the form of fines or other punitive action in the past, any non-compliance of the applicable laws they may impose the penalty on the Company. Such penalty may impact the profitability of the Company.

***11. The deployment of funds is entirely at our discretion and as per the details mentioned in the section titled 'Objects of the Issue'***

As the Issue size is not more than ₹10,000 lakhs, under Regulation 82 of the SEBI (ICDR) Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue.

***12. We may have challenges extending our business into new regions and markets both inside and outside of India.***

We continue to investigate potential to expand our business into new markets in India as part of our growth strategy. In these new areas, factors such as competition, consumer requirements, regulatory regimes, business practices, and customs may differ from those in our present markets, and our prior market experience may not be applicable to these new markets.

***13. In case we do not receive the minimum subscription, we will have to refund the entire subscription and we may not be in a position to achieve minimum public shareholding of 25% of the paid-up capital of the Company***

As the main object of the Issue is to achieve minimum public shareholding, our promoter will not subscribe to his entitlement at all and hence minimum subscription as stipulated in the SEBI (ICDR) Regulations, will be applicable. In case we do not receive the minimum subscription, we will have to refund the entire subscription and we may not be in a position to achieve minimum public shareholding of 25% of the paid-up capital of the Company. This would result in punitive action being taken against our Company and our promoters and directors.

**14. *Internal or external fraud, dishonesty, or misconduct by our personnel could have a negative impact on our reputation and financial results.***

Misconduct by our employees could bind us to transactions that exceed authorised limits or present unacceptable risks, and our employees could conceal unauthorised or unlawful activities from us. Employee misconduct could also involve front running in securities markets or the improper use or disclosure of confidential information or non-compliance with insider trading rules, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter fraud or misconduct by employees, and the precautions we have taken and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of fraud or misconduct could adversely affect our reputation, business, results of operations and financial condition.

**15. *We have availed loans that can be recalled at any time.***

As at January 31, 2023, we have outstanding unsecured loan of ₹ 8,395.00 Lakhs, availed from Chartered Finance and Leasing Limited, a group entity, which is repayable on demand. In the event the loan is recalled, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. The early recall of the loan could have an adverse effect on our financial condition, results of operations and cash flows.

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

We have not paid any dividend during the last 3 years. Our Company may retain all our future earnings, if any, for use in the operations, and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholder's investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate.

**17. *We require number of approvals, NOCs, licenses in ordinary course of our Business.***

We need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course of our business. Any failure to renew the approvals that will expire, or to failure/delay to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

**18. *Our Company does not have any logo and therefore it is not a registered trademark and we may be unable to adequately protect our trademarks and an inability to protect or use our intellectual property rights may adversely affect our business.***

Our Company does not have a logo and it is not a registered trademark. Accordingly, we may not be able to safeguard it from infringement or passing off. Further, we do not own any other trademark and therefore our ability to attract and retain customers is dependent upon public perception and recognition of the quality associated with our Company and promoter. Our success depends on our ability to maintain the brand image of our existing products and effectively build our brand image for new products and brand extensions. We currently do not have any form of intellectual property protection in relation to the designs of our products

and consequently do not enjoy the statutory protections accorded to such designs in India and cannot prohibit the use of such designs by anybody by means of statutory protection. Any unauthorized usage by a third party of logo that is being used by us may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation too. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease.

We may also face allegations that we have infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors or non-practicing entities, for passing off. Any adverse decision by the adjudicating authority may prevent us from registering and using such trademarks. Further, patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products or product features, acquire licenses, which may not be available at a commercially reasonable price or at all, or modify our products, product features, processes or websites while we develop non-infringing substitutes.

- 19. *The Company has not entered into any formal arrangement for the occupancy of its registered office. Any failure on the part of the lessee to renew the lease agreement or any disruption of our rights as sub lessee or termination of the agreements with the licensors/lessors would adversely impact our business.***

The premises on which the registered office of the Company is situated is leased by an LLP in which our Promoter is a Partner. We have obtained NOC from the lessor and the LLP to use the property as a sub – lessee. In the event the sub-lease arrangement with the LLP is not renewed or the Lessee is unable to renew the lease agreement for the registered office with the Lessor, we may not be able to continue to use this premises as the registered office, which may in turn lead to disruption in the business and administrative operations of the Company having an adverse effect on our business.

- 20. *We have in the past entered into related party transactions and we may continue to do so in the future.***

We have entered into certain related party transactions as on the date of this Draft Letter of Offer. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details, please refer to the chapter titled — "Related Party Transactions" on Page 85 and "Restated Financial Information- Related Party Transactions" at page 126 of this Draft Letter of Offer.

- 21. *Your holdings may be diluted by additional issuances of equity by us, which may adversely affect the market price of our Equity Shares.***

Any future issuance of our Equity Shares may dilute the holdings of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by our principal shareholder could adversely affect the market price of our Equity Shares. The perception that any such sale may occur could also adversely affect the market price of our Equity Shares.

- 22. *We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.***

A number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers, or both. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the



confidentiality, integrity and availability of information belonging to us and our customers, our security measures may not provide absolute security. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. A successful penetration or circumvention of the security of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and affect to our reputation, all of which could have a material adverse effect on us.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or by persons with whom we have commercial relationships that result in the unauthorized release of customers' or businesses' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability.

***23. Security breaches of customers' confidential information that we store may harm our reputation and expose us to liability.***

We store customers' bank information, credit information and other sensitive data. Any accidental or wilful security breaches or other unauthorized access could cause the theft and criminal use of this data. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to customer data, our relationships with customers will be severely damaged, and we could incur significant liability. Further, we engage with certain third-party service providers, and although our contracts with them restrict the usage of client data and impose protective precautions, there can be no assurance that they will abide by such contractual terms or that the contracts will be found to be in compliance with data protection laws.

***24. We rely on the accuracy and completeness of information concerning borrowers and counterparties for credit evaluation and risk management. Any misrepresentation, inaccuracies, or omissions in such material could have a negative impact on our business and financial results.***

We rely on information provided to us by or on behalf of borrowers when evaluating whether to provide credit or engage in other transactions with clients (including in relation to their financial transactions and past credit history). We may also depend on borrowers' assurances about the accuracy and completeness of the information. For ascertaining the creditworthiness and encumbrances on collateral, we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation on the part of our customers or employees. In addition, customers may misrepresent information in the loan application forms including in relation to the intended end use of the loans and may apply the loans disbursed for end uses different from those mentioned in the loan application form. Our risk

management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

There may be relatively less financial and credit information available on retail and rural individual borrowers, micro, small and medium enterprises and in relation to the possibility of double-financing obtained by any such clients, than may have been available in a more developed economy, and the availability of such financial and credit information in India may be considered to suffer from an absence of competitive pressure at present.

***25. We do not have any insurance policy and hence we will not be protected against any losses or damage.***

We currently do not have any insurance policies and hence we will be covered against any loss or damage that we may incur during the course of our business.

***26. Our inability to completely detect money laundering and other illicit actions or detect the same in a timely manner or at all may expose us to extra responsibility and affect our business and reputation.***

In India, we must follow all applicable anti-money laundering ("AML") and anti-terrorism laws and regulations. We bear the risk of failing to follow the statutory know your customer ("KYC") requirements, as well as fraud and money laundering by dishonest customers, in the ordinary course of our business. Despite having internal rules, processes, and controls in place to prevent and identify any AML activity and maintain KYC compliance, we cannot guarantee that we will be able to entirely manage instances of any possible or attempted violation. Any failure or ineffectiveness of our control system to detect such activities completely and immediately may subject us to regulatory action, including fines and penalties, and have a negative impact on our business and reputation.

***27. As we expand our lending business, we may encounter asset-liability mismatches, which might negatively impact our cash flows, financial condition, and results of operations.***

As we expand our lending operations, we may encounter liquidity concerns due to mismatches in the maturity of our assets and obligations. If we are unable to obtain additional borrowings or renew our existing credit facilities in a timely and cost-effective manner, or at all, for matching tenures of our loan portfolio, it may result in mismatches between our assets and liabilities, which could harm our cash flows, financial condition, and results of operations.

***28. Failure to stay up to date with technological changes, as well as the uses and regulation of the internet, might be detrimental to our Company.***

The industry of delivering finance products and services via a mobile app or the internet is dynamic and fresh. We must keep up with changing technical breakthroughs, customer and small company usage habits, internet security threats, system failure or inadequacy hazards, and governmental regulation and taxation, all of which could have a negative influence on our firm.

If we are unable to adequately react to such developments, decreased demand for loans as a result of higher savings or income could result in a loss of revenues or a fall in profitability. The demand for loan products in the markets we serve could fall as a result of a variety of factors, including regulatory restrictions that limit customer access to specific products, the availability of competing or alternative products, or changes in customers' financial circumstances, such as increases in income or savings. A shift in focus from borrowing to saving would also lessen demand. Our revenues could be severely reduced if we fail to adjust to a significant change in our clients' desire for, or access to, our financing products. Customers may refuse or reject products whose changes make them less appealing or less available, even if we make adjustments or launch new products to meet customer demand.

**29. *We have not commissioned an industry report for the disclosures made in the section titled ‘Our Industry’ and made disclosures based on the data available on the internet and such third-party data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the section titled “Industry Overview” on page 65 of this Draft Letter of Offer. We have made disclosures in the said section based on the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such third-party data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, the industry data mentioned in this Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context

**30. *The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.***

The outbreak, or threatened outbreak, of any severe communicable disease (particularly COVID-19) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 has resulted in authorities implementing several containment measures such as travel bans and restrictions, quarantines and shutdowns. These measures may have an impact on the workforce and our operations and the operations of our customers. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may further cause significant economic disruption across India. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian economy in general.

The COVID – 19 outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak. The extent to which COVID-19 further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. The degree to which COVID-19 may impact our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or the ability to treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, loss of life, injuries and impact the wellbeing of our people.

## EXTERNAL RISK FACTORS

31. *Other financial institutions or the Indian financial sector as a whole may have difficulties, which could hurt our operations.*

We are exposed to risks as a result of our involvement in the Indian financial system. Financial troubles and other issues confronting Indian financial institutions may have an impact on this sector. Several Indian financial institutions have had problems in recent years, and certain banks have also had major financial and liquidity problems. Any significant problem or volatility in the Indian financial system could lead to a negative market perception.

32. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and IFRS, which investors may be more familiar with and consider material to their assessment of our financial condition.*

Our audited summary statements of assets and liabilities as at March 31, 2022 and audited summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Financial Year 2022 have been prepared in accordance with the Ind AS, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Audited Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

33. *Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.*

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

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

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

**34. *A slowdown in economic growth in India could cause our business to suffer.***

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

**35. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could

have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

***36. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

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

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

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

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

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

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

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

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

**39. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions including wars amongst nations like the current Russia Ukraine conflict could adversely affect our results of operations, cash flows or financial condition. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

#### **ISSUE SPECIFIC RISKS**

**40. *Our Company will not distribute the Draft Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.***

Our Company will dispatch the Letter of Offer, the Abridged Draft Letter of Offer, Rights Entitlement Letter and Application Form (the “**Offering Materials**”) to such Shareholders who have provided an address in India for the service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e- mail. Presently, there is a lack of clarity under the Companies Act and the rules thereunder, with respect to the distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

**41. *SEBI has by way of circulars dated January 22, 2020, May 6, 2020, January 19, 2021 and October 01, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021 and October 01, 2021 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 174 of this Draft Letter of Offer.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

**42. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if STT was paid on the sale transaction and, additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on long-term capital gains arising from sale of equity shares. However, where specified conditions are met, such long-term capital gains are only taxed to the extent they exceed Rs. 100,000.00 and unrealized capital gains earned up to January 31, 2018, continue to be exempt. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity Shares.

**44. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**45. *There is no guarantee that our Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchange until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted.



There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

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

Under the Companies Act, 2013, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

***47. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

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

***48. Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

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

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

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorised by way of resolution passed by our Board on January 27, 2023, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio have been approved by the Rights Issue Committee at their meeting held on [●], 2023

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 174 of this Draft Letter of Offer.

<b>Rights Equity Shares being offered by our Company</b>	Up to [●] Rights Equity Shares
<b>Rights Entitlement for the Rights Equity Shares</b>	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
<b>Record Date</b>	[●]
<b>Face Value per Equity Share</b>	₹10 each
<b>Issue Price</b>	₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share). On Application, Investors will have to pay ₹[●] per Rights Equity Share, which constitutes 100% of the Issue price including premium.
<b>Issue Size</b>	Upto [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of 4990.00 Lakhs
<b>Voting Rights and Dividend</b>	The Equity Shares issued pursuant to this Issue shall rank <i>pari-passu</i> in all respects with the Equity Shares of our Company.
<b>Fractional Entitlement</b>	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
<b>Equity Shares issued, subscribed and paid up and outstanding prior to the Issue</b>	34,16,400 Equity Shares issued subscribed and paid-up. For details, please see “Capital Structure” on page 49 of this Draft Letter of Offer
<b>Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares)</b>	Up to [●] Equity Shares
<b>Security Codes for the Equity Shares</b>	ISIN: INE874A01010 BSE Code: 514238
<b>ISIN for Rights Entitlements</b>	[●]
<b>Terms of the Issue</b>	For details, please see “ <i>Terms of the Issue</i> ” on page 174 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For details, please see “ <i>Objects of the Issue</i> ” on page 54 of this Draft Letter of Offer.

## GENERAL INFORMATION

Our Company was originally incorporated as 'Kakani Textiles Limited at Bombay on January 17, 1991 as a public limited company, under the Companies Act, 1956 and a Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company obtained a Certificate of Commencement of Business on February 27, 1991. The name of our Company was changed to Hindustan Sanforisers Limited on November 19, 1993 and thereafter to Ikab Securities and Investment Limited on June 18, 1998. The name of our Company has been changed again to its current name vide fresh Certificate of Incorporation dated November 03, 2022.

Our Company is a non-deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 with Registration Number CoR No.13.00690.

### Changes in the registered office of our Company

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of incorporation:

Date of change	Details of change in the registered office
January 05, 1993	Change of the registered office address from P – 4 - 18/ Usha Kiran, Bangur Nagar Goregaon West, Mumbai – 400 090, Maharashtra to 56, Hanuman Building, 3 <sup>rd</sup> Floor, Opp Central Library, Fort, Mumbai 400 001, Maharashtra.
November 15, 1995	Change of registered office address from 56, Hanuman Building, 3 <sup>rd</sup> Floor, Opp Central Library, Fort, Mumbai 400 001, Maharashtra to 5, Raja Bahadur Compound, 2 <sup>nd</sup> Floor, 43, Tamarind Lane, Fort, Mumbai – 400 023, Maharashtra.
March 10, 2022	Change of the registered office address from 5, Raja Bahadur Compound, 2 <sup>nd</sup> Floor, 43, Tamarind Lane, Fort, Mumbai – 400 023, Maharashtra, India to 11 <sup>th</sup> Floor, Express Towers, Ramnath Goenka Marg, Nariman Point, Mumbai – 400 021, Maharashtra.

### Registered Office and Corporate Office of our Company

#### MKVentures Capital Limited

11<sup>th</sup> Floor, Express Towers,  
Ramnath Goenka Marg,  
Nariman Point,  
Mumbai – 400 021, Maharashtra  
**Tel:** + +91 022 2422 4480 / 81 **Fax:** N.A  
**Email :** [info@mkventurescapital.com](mailto:info@mkventurescapital.com)  
**Website:** [www.mkventurescapital.com](http://www.mkventurescapital.com)  
**CIN:** L17100MH1991PLC059848

### Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai at the following address:

Registrar of Companies, Mumbai  
100, Everest, Marine Drive,  
Mumbai-400002, Maharashtra.

## Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Madhusudan Murlidhar Kela	54	Managing Director	Vandan Apartments, 16th Floor, Near Elizabeth Hospital, Walkeshwar, Mumbai 400006, Maharashtra, India	05109767
Swati Dujari	37	Independent Director	D – 21, Kakad Estate, Sagar Darshan CHS, 106 R.G, Thadani Marg, Worli, Mumbai – 400018, Maharashtra	05349218
Sanjay Malpani	56	Independent Director	3C-124, Kalpataru Estate, Jogeswari, Vikroli Link, Near Majas Bus Depot, Andehri East, Chakala MIDC, Mumbai – 400093, Maharashtra	07772768
Sumit Bhalotia	38	Non-Executive Director	E-1703 Raheja Heights CHS Ltd, Bldg 239, Near NNP, Off AKV Marg Malad East, Mumbai – 400 097, Maharashtra	08737566

For detailed profile of our directors, please refer to the chapter titled “*Our Management*” on page 74 of this Draft Letter of Offer.

## Chief Financial Officer

Mr Rashmee Purushottam Mehta is the CFO of our Company. His contact details are:

11<sup>th</sup> Floor, Express Towers,  
Ramnath Goenka Marg,  
Nariman Point,  
Mumbai – 400 021, Maharashtra  
**Tel:** + 91 22 6267 3701  
**Email:** [info@mkventurescapital.com](mailto:info@mkventurescapital.com)

## Company Secretary and Compliance Officer

Mr Sanket Rathi is the Company Secretary and Compliance Officer of our Company. His contact details are:

11<sup>th</sup> Floor, Express Towers,  
Ramnath Goenka Marg,  
Nariman Point,  
Mumbai – 400 021, Maharashtra  
**Tel:** + 91 22 6267 3701  
**Email:** [info@mkventurescapital.com](mailto:info@mkventurescapital.com)

## **Details of Key Intermediaries pertaining to this Issue:**

### **Lead Manager to the Issue**

#### **Choice Capital Advisors Private Limited**

Sunil Patodia Tower

J.B. Nagar Andheri (East), Mumbai, 400 099

**Tel:** +91 22 6707 9999 (Extension 451)

**Email Address:** [vivek.singhi@choiceindia.com](mailto:vivek.singhi@choiceindia.com)

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

**Contact Person:** Mr Vivek Singhi

**SEBI Registration Number:** INM000011872

### **Registrar to the Company / Issue**

#### **Link Intime India Private Ltd.**

C 101, 1st Floors, 247 Park,

L.B.S Marg, Vikhroli (West),

Mumbai-400083, Maharashtra, India

**Tel:** +91 22 810811 4949, Fax: +91 22 49186060

**Email:** [mkventures.rights@linkintime.co.in](mailto:mkventures.rights@linkintime.co.in)

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

**Contact Person:** Mr Sumeet Deshpande

**SEBI Registration Number:** INR000004058

### **Legal Advisor to the Issue**

#### **M/s SNG Partners**

Advocates and Solicitors

One Bazaar Lane, Bengali Market

New Delhi 110 001

**Tel:** +91 11 4358 2000

**Email:** [saroj\\_pandey@sngpartners.in](mailto:saroj_pandey@sngpartners.in)

**Contact Person:** Mr Saroj Pandey

### **Statutory and Peer Review Auditor of our Company**

#### **M/s. ARSK & Associates**

(Chartered Accountants)

Unimark Asian, 16<sup>th</sup> Floor

52/1, Shakespeare Sarani

Kolkata – 700 017

**Email:** [info@arsk.in](mailto:info@arsk.in)

**Contact Details:** +91 33 4095 2000

**Contact Person:** Mr Ravindra Khandelwal

**Firm Registration Number:** 315082E

**Peer Review Certificate Number:** 012067

## **Bankers to the Issue/ Refund Bank**

[•]

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

## **Designated Intermediaries**

### *Self-Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

## **Inter-se Allocation of Responsibilities**

Choice Capital Advisors Private Limited being the sole Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence a statement of inter se allocation of responsibilities is not required.

## **Expert Opinion**

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

Our Company has received written consent dated January 31, 2023 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) Restated Audit Report dated January 31, 2023 on our Financial Statements for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, and (ii) Statement of Special Tax Benefits dated January 31, 2023 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “Expert” shall not be construed to mean an “Expert” as defined under the Securities Act, 1933.

## **Investor grievances**

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

## Credit Rating

As this is a Rights Issue of Equity Shares, credit rating is not required.

## Debenture Trustees

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

## Monitoring Agency

Since the size of the issue is less than Rs.10,000 lacs, under Regulation 82 of the SEBI ICDR Regulations, a monitoring agency is not required to be appointed by our Company.

## Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

## Changes in Auditors during the last three years

Except as disclosed below, there has been no change in the Statutory Auditor of our Company in last three years immediately preceding the date of this Draft Letter of Offer.

Date	From	To	Reason for change
September 08, 2022	M/s.A V Arolkar & Co Contact Person: Abhay Vasant Arolkar Membership No: 32453 Firm Registration No: 100542W	ARSK & Associates Contact Person: Mr Ravindra Khandelwal Membership No: 054615 Firm Registration No: 315082E	Resignation and filling up the casual vacancy on account of the resignation

## Underwriting Agreement

This Issue is not underwritten, and our Company has not entered into any underwriting arrangement.

## 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:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

*\* The Board of Directors or the Rights Issue Committee will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

The above schedule is indicative and does not constitute any obligation on our Company

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, being [●] .

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. For details on submitting Application Forms, see “Terms of the Issue” on page 174 of this Draft Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue

### **Minimum Subscription**

Mr. Madhusudan Murlidhar Kela, our Promoter, has vide letter dated December 20, 2022, confirmed that that the promoter does not intend to subscribe to his Rights Entitlement and may renounce them in favour of third parties. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue shall be applicable. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.



## CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Letter of Offer and after giving effect to the Issue is set forth below:

S. No.	Particulars	Amount (in ₹ Lakhs, except share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	50,00,000 Equity Shares of face value of ₹ 10 each	500.00	NA
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	34,16,400 Equity Shares of face value of ₹ 10 each	341.64	NA
<b>C.</b>	<b>Present Issue in terms of this Letter of Offer<sup>(1)</sup></b>		
	Up to [●] Equity Shares of face value of ₹ 10 each <sup>(2)</sup>	[●]	4990.00
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Issue<sup>(3)*</sup></b>		
	[●] Fully Paid Equity Shares of face value of ₹ 10 each	[●]	NA
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue (as on March 31 2022)	0.00	
	After the Issue <sup>(4)</sup>	[●]	

<sup>(1) & (2)</sup> The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated January 27, 2023.

<sup>(3)</sup> On Application, Investors will have to pay [●] per Rights Equity Share which constitutes 100% of the Issue Price.

<sup>(4)</sup> Assuming full subscription for and Allotment of the Rights Equity Shares.

\*Subject to finalisation of Basis of Allotment, Allotment, Receipt of all call monies and deduction of estimated Issue related expenses.

### NOTES TO CAPITAL STRUCTURE

**1. Intention and extent of participation by our Promoters and Promoter Group in the Issue:**

Mr Madhusudan Murlidhar Kela, our Promoter, has vide letter dated January 27, 2023 confirmed that the promoter does not intend to subscribe to his Rights Entitlements and may renounce them in favour of third parties.

- The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ / [●]- per equity share.
- At any given time, there shall be only one denomination of the Equity Shares of our Company.
- All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. For details on the terms of this Issue, see “Terms of the Issue” on page 174 of this Draft Letter of Offer.

5. Shareholding Pattern of our Company as per the last filing with the Stock Exchange:

*The summary statement of the shareholding pattern of our Company as on December 31, 2022, is as follows*

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter and Promoter Group	1	28,58,027	0	0	28,58,027	83.66	28,58,027	28,58,027	83.66	0	0	0	0	0	0	28,58,027
(B)	Public	1,611	5,58,373			5,58,373	16.34	5,58,373	5,58,373	16.34	0	0	0	0	0	0	4,08,673
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1,612</b>	<b>34,16,400</b>	<b>0</b>	<b>0</b>	<b>34,16,400</b>	<b>100.00</b>	<b>34,16,400</b>	<b>34,16,400</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,66,700</b>

i. The statement of the shareholding pattern of our Company as on December 31, 2022 is as follows:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	1	28,58,027	28,58,027	83.66	28,58,027	83.66	28,58,027
(B) Public	1,611	5,58,373	5,58,373	16.34	5,58,373	16.34	4,08,673
<b>Grand Total</b>	<b>1.612</b>	<b>34,16,400</b>	<b>34,16,400</b>	<b>100.00</b>	<b>34,16,400</b>	<b>100.00</b>	<b>32.66,700</b>

ii. Statement showing holding securities of persons belonging to the category Promoters and Promoter Group” as at December 31, 2022:

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
<b>A1) Indian</b>							
<b>a. Individuals/ Hindu Undivided Family</b>	<b>1</b>	<b>28,58,027</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>
Madhusudan Murlidhar Kela		28,58,027	28,58,027	83.66	28,58,027	83.66	28,58,027
<b>b. Body Corporates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sub- total of A1</b>	<b>1</b>	<b>28,58,027</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>
<b>A2) Foreign</b>							
<b>Sub-total of A2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A= A1+ A2</b>	<b>1</b>	<b>28,58,027</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>	<b>83.66</b>	<b>28,58,027</b>

iii. Statement showing holding of securities of persons belonging to the “public” category as on December 31, 2022:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (Calculated as per SCRR, 1957) As a% of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
<b>B1) Institutions</b>							
Foreign Portfolio Investors	-	-	-	-	-	-	-
<b>B2) Central Government/ State Government(s) / President of India</b>	-	-	-	-	-	-	-
<b>Sub Total B2</b>	-	-	-	-	-	-	-
<b>B3) Non-Institutions</b>							
Individual share capital up to ₹ 2 Lakhs	1303	2,43,474	2,43,474	7.13	2,43,474	7.13	1,02,674
Individual share capital in excess of ₹. 2 Lakhs	2	1,56,000	1,56,000	4.57	1,56,000	4.57	1,56,000
<b>Any Other</b>							
IEPF	-	-	-	-	-	-	-
Trusts							
HUF							
Non-Resident Indian (NRI)	5	310	310	0.01	310	0.01	310
Clearing Members	5	125	125	0.00	125	0.00	125
Bodies Corporate	17	1,45,264	1,45,264	4.25	1,45,264	4.25	1,37,064
HUF	32	11,259	11,259	0.33	11,259	0.33	11,259
Firm	3	1,175	1,175	0.03	1,175	0.03	1,175
<b>Sub-total B3</b>	<b>1,611</b>	<b>5,58,373</b>	<b>5,58,373</b>	<b>16.34</b>	<b>5,58,373</b>	<b>16.34</b>	<b>4,08,673</b>
<b>B= B1+B2+B3</b>	<b>1,611</b>	<b>5,58,373</b>	<b>5,58,373</b>	<b>16.34</b>	<b>5,58,373</b>	<b>16.34</b>	<b>4,08,673</b>

iv. Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges: i.e. as on December 31, 2022

S. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Madusudan Murlidhar Kela	28,58,027	83.66
2.	R B K Share Broking Limited	1,33,938	3.92
3.	Naresh Khandelwal	94,000	2.75
4.	Vineet Wadhwa	62,000	1.81

*v. Details of shares locked-in, pledged, encumbrance by the Promoters and the Promoter Group:*

As on date of this Draft Letter of Offer, none of the shares held by the promoter are locked-in

*vi. Details of shares acquired by Promoters and Promoter Group in the last one year immediately preceding the date of filing of this Draft Letter of Offer:*

<b>S. No.</b>	<b>Name of the Promoter and Promoter Group</b>	<b>Number of shares acquired</b>	<b>Mode of Acquisition</b>	<b>Date</b>
1	Madhusudan Murlidhar Kela	28,58,027	Share Purchase Agreements (3 in number) pursuant to which open offer was made under the SAST Regulations 2015	February 24, 2022

**6. Details of options and convertible securities outstanding as on the date of filing of this Draft Letter of Offer**

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer.

## OBJECTS OF THE ISSUE

### The objects of the Issue are:

1. To meet the requirements of Minimum Public Shareholding as stipulated under Rule 19 (2)(b) of the Securities Contract Regulation (Rules), 1957 read with Regulation 19A Securities Contract Regulation (Rules), 1957 and the Regulation 38 of the SEBI (LODR) Regulations, 2015
2. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.
3. General corporate purposes.

(Collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be prepaid in full or part from the Net Proceeds.

### Details of objects of the Issue

The details of objects of the Issue are set forth in the following table:

*(₹ in lakhs)*

Particulars	Amount
Gross Proceeds from the Issue	4,990.00
Less: Issue related expenses	[•]
<b>Net Proceeds from the Issue</b>	<b>[•]</b>

### Requirement of Funds

The details of the Gross Proceeds are set forth in the following table:

*(₹ in lakhs)*

Particulars	Amount
To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	4,800.00
General Corporate Purposes	[•]
Issue related expenses	[•]
<b>Gross proceeds from the Issue</b>	<b>4990.00</b>

### Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

## Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2024.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the fund requirements described herein. Subject to applicable law, if the actual utilisation towards issue expense is lower than the stated above, the balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to explore a range of options including utilising our internal accruals. We believe that such alternate arrangements would be available to fund any such shortfalls. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects.

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see “Risk Factor No: 5 – *“Any inability on our part to effectively utilize the Issue Proceeds could adversely affect our financial results. The objects of the Issue are based on the internal estimates of our management and have not been appraised by any bank or financial institution.”* on page no. 28 of this Draft Letter of Offer.

## Details of the Objects of the Issue

- 1. To meet the requirements of Minimum Public Shareholding as stipulated under Rule 19 (2)(b) of the Securities Contract Regulation (Rules), 1957 read with Regulation 19A of the Securities Contract Regulation (Rules), 1957 and Regulation 38 of the SEBI (LODR) Regulations, 2015**

Our promoter Mr Madhusudan Murlidhar Kela acquired the Company after entering into a share purchase agreement with Mr. Anil Bagri, Ms. Savitridevi Jajoo, Ms. Archana Bagri, Mr. Indra Bagri, Oasis Securities Limited, Linkers Enclave LLP (Formerly Known as Linkers Enclave Private Limited) and Tuscon Towers LLP (Formerly Known as Tuscon Towers Private Limited) (“Promoter Selling Shareholders”) to acquire 20,46,804 equity shares, constituting 59.91% (“Promoter Shares”) of the Voting Share of the Company for consideration of Rs. 961.99 Lakhs (“SPA 1”); (ii) a Share Purchase Agreement with Mr. Balesh Bagree and Ms. Madhushree Bagree to acquire 1,89,900 equity shares constituting 5.56% (“Public Selling Shareholders 1”) of the Voting Share Capital of the Company (“SPA 2”) for consideration of Rs. 89.25 Lakhs; and (iii) a Share Purchase Agreement with Mr. Amit Goel, Mr. Atul Goel, Ms. Anju Goel & Ms. Shweta Goel to acquire 6,21,323 equity shares, constituting 18.19% (“Public Selling Shareholders 2”) of the Current Voting Share Capital and Voting Share Capital of the company (“SPA 3”) for a consideration of Rs. 292.02 Lakhs. The SPAs were entered into on November 02, 2021 for an aggregate of 28,58,027 Equity Shares constituting 83.66% of the total share capital of the Company. Mr Madhusudan Murlidhar Kela made a public

announcement to acquire 5,58,373 Equity Shares constituting 16.34% of the capital of the company and post completion of offer on February 24, 2022 completed the acquisition of 28,58,027 Equity Shares constituting 83.66% of the total paid-up capital of the Company. In accordance with the provisions of Rule 19 (2)(b) of the Securities Contract Regulation (Rules), 1957 read with Regulation 38 of the SEBI (LODR) Regulations, 2015 he is required to ensure that the public shareholding of the Company is atleast 25% within a period of 1 year from the date of acquisition of 83.66% and hence in accordance with Clause 2(v) of the SEBI Circular No : CIR/CFD/CMD/14/2015 dated November 30, 2015 read with SEBI Circular No: SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 and SEBI Circular No: SEBI/HO/CFD/PoD2/P/CIR/2023/18 dated February 03, 2023 Rights issue is being made only to the public shareholders by our Company with the promoter forgoing his entitlement to equity shares that will arise in the rights issue.

**2. *To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.***

We are a RBI Registered NBFC involved in the business of equity and debt investments, trading in securities and providing unsecured financing to individuals and small businesses. The capital adequacy norms issued by the RBI, is not applicable to our company as we are NBFC Non-systematically important non-Deposit Taking Company categorized as an Investment Company. We propose to augment our capital base by Rs. 4800 Lakhs through this Issue and utilize the funds raised to further increase the operational scale of its business of NBFC activities, Investments & Trading of Securities. The amount raised will primarily be used to expand our business operations. We intend to increase our lending/ financing portfolio qualitatively and quantitatively target eligible clients for secured and unsecured loans. We also propose to utilize the amounts raised to increase our present investment & trading portfolio by making short term and long term investments & trades in form of Equity of listed and unlisted companies, Strategic investments, Debt, Derivatives, and other instruments/ Securities.

**Interest of Promoters and Directors in the objects of the Issue**

Our promoter and directors are not interested in any of the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors and Key Managerial Personnel of our Company.

**3. General Corporate Purposes**

In terms of Regulation 62 (2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.



## Undertaking by our Promoter

Our Promoter has confirmed that he will not be participating in the issue in order to comply with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹[●].

## Deployment of funds

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2024..

## Issue Related Expenses

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

Particulars	Amount (Rs. In Lakhs)	As a percentage of total expenses	As a percentage of Issue size*#
Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
<b>Total estimated Issue expenses</b> <sup>*^</sup>	[●]	[●]	[●]

*\*Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

*\* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards General Corporate Purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Issue.*

*^Excluding taxes*

*#Assuming full subscription*

## Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

## Interim use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds towards the stated Objects of the Issue, our Company shall not use / deploy the Net Proceeds for any investment in the equity markets.

**Monitoring of utilization of funds**

Since the Issue is for an amount less than ₹ 10,000 lacs, in terms of Regulation 82 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18(3) read with Part C of Schedule II of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses / application of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

**Appraising entity**

None of the objects of this Issue, for which the Net Proceeds will be utilized, have been appraised.

**Strategic or financial partners**

There are no strategic or financial partners to the Objects of the Issue.

**Other confirmations**

No part of the Net Proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or Key Managerial Personnel.

Our Promoters, our Promoters Group and our Directors do not have any interest in the objects of the Issue.

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, our Promoter Group, our Directors and our Key Managerial Personnel.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO MKVENTURES CAPITAL LIMITED (THE “COMPANY”), AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS

**Date: 31-01-2023**

To

**The Board of Directors  
MKVENTURES CAPITAL LIMITED**

11<sup>th</sup> Floor, Express Towers  
Nariman Point  
Mumbai- 400021, Maharashtra.

**Sub: Statement of possible special tax benefits available to MKVENTURES CAPITAL LIMITED and its shareholders under the Indian tax laws.**

1. We hereby confirm that the enclosed Annexure-A prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexure-A under:

- the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act, 2022 applicable for the Financial Year 2022-23 relevant to the Assessment Year 2023-24, presently in force in India; and
- the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017 (“GST Acts”), as amended from time to time, the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended by the Finance Act 2022 applicable for the Financial Year 2022-23.

The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the “Relevant Acts”

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil

3. The benefits discussed in the enclosed Annexure-A are not exhaustive and the preparation of the contents stated in the Annexure-A is the responsibility of the management of the Company. We are informed that these Annexure-A are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed right issue by the company.

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

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

5. The contents of the enclosed Annexure-A are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

6. This Statement is issued solely in connection with the proposed right issue of face value Re 10 each of the Company and is not to be used, referred to or distributed for any other purpose.

For ARSK & Associates, Chartered Accountants Firm's Reg. No:- 315082E

CA. Ravindra Khandelwal  
Partner  
Membership No: 054615  
Place: Kolkata  
UDIN: 23054615BGVWZT4061

**ANNEXURE-A TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO MKVENTURES CAPITAL LIMITED (THE “COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY (“SHAREHOLDERS”)**

The information provided below sets out the possible special direct and indirect tax benefits available to the Company and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.

**STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY**

**I. STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY:**

The statement of tax benefits outlined below is as per the Income-tax Act, 1961 read with Income Tax Rules, circulars, notifications (“Income Tax Law”), as amended from time to time and applicable for financial year 2021-22 relevant to assessment year 2022-23. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the Income Tax Law. Hence, the ability of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfil.

**(a) Lower corporate tax rate under Section 115BAA of the Income-tax Act, 1961 (“the Act”)**

As per Section 115BAA of the Act, with effect from Financial Year 2019-20 (i.e. AY 2020-21), a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and cess) subject to satisfaction of certain conditions.

In case a company opts for Section 115BAA of the Act, provisions of Minimum Alternate Tax (MAT) under Section 115JB of the Act would not be applicable as per clarification issued by CBDT vide Circular 29/2019 dated 2 October 2019. Additionally, such company will not be entitled to claim tax credit relating to MAT.

The option needs to be exercised on or before the due date of filing the tax return in prescribed manner. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year and therefore, shall apply to subsequent assessment years.

MKVENTURES has opted for the provisions of Sec 115BAA of the IT Act from assessment year 2022-23.

In such a case, these company will not be allowed to claim any of the following deductions/exemptions under the Act:

1. Deductions under the provisions of the Sec 10AA (Deductions for units in Special Economic Zone)
2. Deductions under clause (iia) of sub-section (1) of Sec 32 (Additional Depreciation)
3. Deductions under Sec 32AD or Sec 33AB or Sec 33ABA (Investment allowance in backward areas, Investment deposit account, Site restoration fund)
4. Deductions under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or (2AA) or subsection (2AB) of Sec 35 (Expenditure on scientific research)
5. Deduction under Sec 35AD or Sec 35CCC (Deduction for specified business, agricultural extension project).
6. Deduction under Sec 35CCD (Expenditure on Skill Development)
7. Deduction under any provisions of Chapter VI-A other than provisions of Sec 80JJAA or Sec 80M
8. Deduction under Sec 80LA other than deduction applicable to a Unit in the International Financial Services Centre as referred to in sub-section (1A) of Sec 80LA of the Act.
9. No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause 1) to 8) above
10. No set off of any loss or allowance for unabsorbed depreciation deemed or under Sec 72A, if such losses or depreciation is attributable to any of the deductions referred from clause 1) to 8) above and
11. Or any other deductions/exemptions as not mentioned herein above but cannot be claimed as per the Act.

**(b) Section 80JJAA of the Act: Deduction in respect of employment of new employees**

- In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a financial year, for 3 consecutive assessment years including the assessment year relevant to the financial year in which such additional employment cost is incurred.

- Additional employee cost means the total emoluments paid or payable to additional employees employed in the financial year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower effective tax rate of 25.168% as per the provisions of section 115BAA of the Act (as discussed above).

- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of section 80JJAA of the Act and satisfies the conditions as mentioned in the said section.

## **II. Special Tax benefits available to the shareholders under the Act**

Pursuant to the amendment made by the Finance Act, 2020 dividend received by the shareholder/s on or after April 1, 2020 is liable to tax in the hands of the shareholder/s.

As per Sec 112A, any long-term capital gains over and above ₹1,00,000/- arising from transfer of an equity share, or a unit of an equity-oriented fund or unit of a business trust shall be taxed at 10% (without indexation) or at 20% (with indexation) of such capital gains subject to fulfilment of prescribed conditions at the option of the assessee company/shareholder/s as beneficial to them under the Act.

There are no special tax benefits available to the shareholders (other than resident corporate shareholder/s) of the company under the provision of the Act.

With respect to a resident corporate shareholder, a new Sec 80M is inserted by the Finance Act, 2020 to remove the cascading effect of taxes on inter-corporate dividends during the financial year 2020-21 and thereafter. The section provides that where the gross total income of the domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of Sec 139 of the Act.

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

Outlined below are the possible tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), as amended by the Finance Act 2021 including the relevant rules, notifications and circulars issued there under, to the extent applicable & available to the company and shareholders of the company.

### **UNDER THE INDIRECT TAX BENEFITS TO THE COMPANY UNDER VARIOUS INDIRECT TAX LAWS:**

#### **1. Special tax benefits available to the Company**

- (i) The Company has one GSTIN operating in India
- (ii) We understand that the Company is into a Non-Banking Finance Company Financial Services. In the purview of Sub-Section (4) of Section 17, Non-Banking Financial Companies will benefit credit of tax paid regarding services & inputs.

## 2. Special Tax Benefits available to the Shareholders of the Company

- (i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.
- (ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

### Notes:

- 1. This Statement covers only certain Indirect tax law benefits considered relevant to the company and does not cover any other benefit under any other law.
- 2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the applicable provisions of the relevant statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil/comply.
- 3. The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- 4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
  - i. the Company or its shareholders will continue to obtain these benefits in future;
  - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
  - iii. the revenue authorities/courts will concur with the view expressed herein.

The above views are based on the existing provisions of laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes



## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we, the Lead Manager or any of our or their respective affiliates or advisors nor any other person connected with Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect.*

*Before deciding to invest in the Equity Shares, prospective investors should read this entire Letter of Offer, including the information in the sections "Risk Factors" and "Financial Information" on pages 25 and 87 of this Draft Letter of Offer respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section 'Risk Factors' on page 25 of this Draft Letter of Offer. Accordingly, investment decisions should not be based on such information.*

#### **Indian Economy**

The Indian economy showed a strong sign of recovery after numerous headwinds in recent past. During the fiscal Indian economy on account of successful mass vaccination was able to withstand the new omicron variant of covid-19. The Union Budget 2022-23, boosted the sentiments of the economy with its focus on growth and creating jobs by implementing sector focused PLI schemes. The supply chain disruptions are expected to pick-up going forward. The Indian GDP is expected to witness a growth of 9.1% (Moody's Investors Service) in 2022 and 5.4% in 2023. The Russia-Ukraine invasion, has impacted the inflation in the economy. The CPI inflation touched 6.1% in February 2022; largely on account of higher crude prices and power costs. The capital expenditure-led Budget, Reserve Bank of India's accommodative policy and diminutive damage on the Indian economy from the omicron wave have set the stage for GDP pickup.

#### **Introduction to the Financial Services Industry**

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payment banks to be created recently, thereby adding to the type of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. The Government and Reserve Bank of India (RBI) have taken various measures to facilitate easy access to finance for Micro, Small and Medium Enterprises (MSMEs). These measures include launching Credit Guarantee Fund Scheme for MSMEs, issuing guidelines to banks regarding collateral requirements and setting up a Micro Units Development and Refinance Agency (MUDRA). With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

(Source : <https://www.ibef.org/industry/financial-services-india>)

## Historical Context

Historically, NBFCs have been a vital cornerstone of the Indian financial ecosystem as important financial intermediaries channelizing savings and investments, especially for small-scale and retail sectors as well as underserved areas and unbanked sectors of the Indian economy.

A Non-Banking Financial company (NBFC) is a company registered under the Companies Act, 1956 or under Companies Act, 2013 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in instalments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

In terms of Section 45-IA of the RBI Act, 1934, no Non-banking Financial Company can commence or carry on business of a non-banking financial institution without a) obtaining a certificate of registration from the Bank and without having a Net Owned Funds of ₹ 25 lakhs (₹ Two crore since April 1999). However, in terms of the powers given to the Bank, to obviate dual regulation, certain categories of NBFCs which are regulated by other regulators are exempted from the requirement of registration with RBI viz. Venture Capital Fund/Merchant Banking companies/Stock broking companies registered with SEBI, Insurance company holding a valid Certificate of Registration issued by IRDA, Nidhi companies as notified under Section 620A of the Companies Act, 1956, Chit companies as defined in clause (b) of Section 2 of the Chit Funds Act, 1982, Housing Finance Companies regulated by National Housing Bank, Stock Exchange or a Mutual Benefit Company.

A Company incorporated under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution as defined under Section 45 I(a) of the RBI Act, 1934 should comply with the following:

1. it should be a company registered under Section 3 of the companies Act, 1956
2. It should have a minimum net owned fund of ₹ 200 lakh.

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92>)

## Categories of NBFCs

NBFCs are categorized

- a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs,
- b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

**1. Asset Finance Company (AFC):** An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets company total income respectively.

**2. Investment Company (IC):** IC means any Company which is a financial institution carrying on as its principal business the acquisition of securities,

**3. Loan Company (LC):** LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

**4. Infrastructure Finance Company (IFC):** IFC is a non-banking finance company a) which deploys at least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of ₹ 300 crore, c) has a minimum credit rating of 'A' or equivalent d) and a CRAR of 15%.

**5. Systemically Important Core Investment Company (CIC-ND-SI):** CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions: -

- a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
- b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;
- c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- e) Its asset size is ₹ 100 crore or above; and
- f) It accepts public funds

**6. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC):** IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

**7. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI):** NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

- a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 1,00,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;
- b) loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 1,00,000 in subsequent cycles;
- c) total indebtedness of the borrower does not exceed ₹ 1,00,000;
- d) tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 15,000 with prepayment without penalty;
- e) loan to be extended without collateral;
- f) aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs;
- g) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower
- h) Non-Banking Financial Company – Factors (NBFC-Factors): NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.

**8. Mortgage Guarantee Companies (MGC) -** MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is ₹ 100 crore.

**9. NBFC- Non-Operative Financial Holding Company (NOFHC)** is financial institution through which promoter / promoter groups will be permitted to set up a new bank. It's a wholly-owned Non- operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

(Source: <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92>)

## **Evolution**

Over the years, NBFCs have evolved given the extensive changes in the regulatory framework for NBFCs in India which have moved from simplified regulations to stringent and extensive regulations as well as towards rationalisation per the currently revised NBFC regulatory framework. Given these high levels of regulation, NBFCs have also emerged as preferred options to meet credit needs since the low cost of operations has provided these NBFCs an edge over banks.

## **Financial Access and Supportive Government Schemes**

Additionally, NBFCs have gradually become important mechanisms to fuel growth and entrepreneurship due to the launch of government-backed schemes including Pradhan Mantri Jan-Dhan Yojana which has contributed to a significant increase in the number of bank accounts.

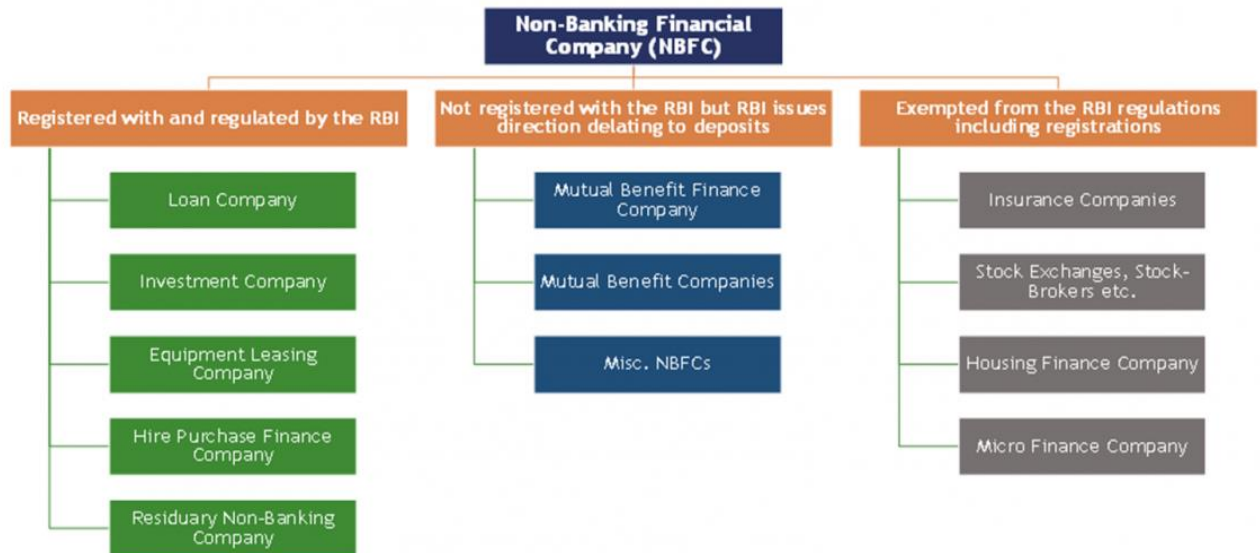
These NBFCs have also been key in being able to mitigate and manage the spread of risks during times of financial duress and have increasingly become recognized as complementary services to banks.

NBFCs have become integral for all business services, including loans and credit facilities, retirement planning, money markets, underwriting and merger activities. As such these companies play an important role in providing credit to the unorganized sector and for small borrowers at local level. Additionally, hire purchase finance is also the largest activity of NBFCs and the rapid growth of NBFCs has gradually blurred the lines between banks and NBFCs although commercial banks have retained importance. These NBFCs facilitate long term investment and financing, which is challenging for banking sector, and the growth of NBFCs widens range of products available for individuals/institutions with resources to invest.

## **Opportunities for NBFCs**

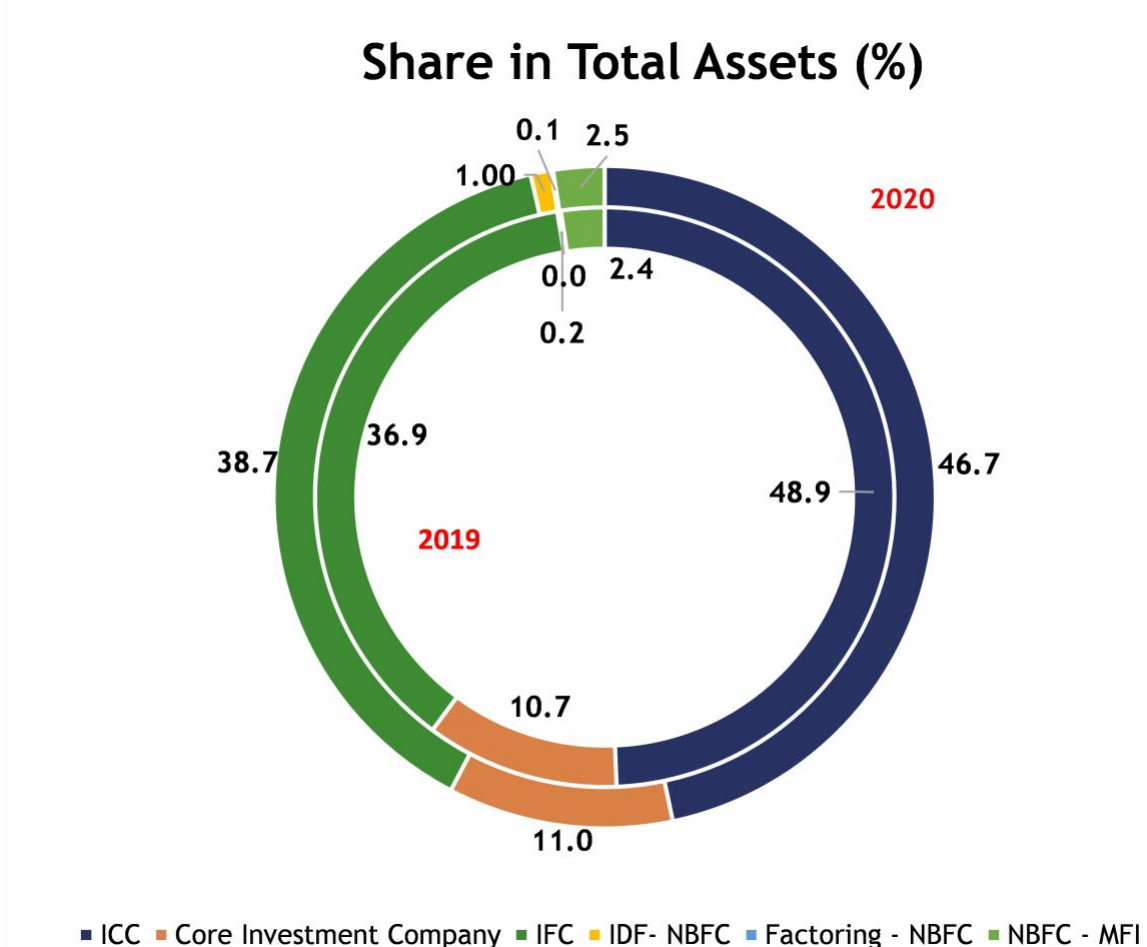
Ongoing stress in public sector banks (PSUs) because of increasing bad debt, lending in rural areas deterioration has provided NBFCs with the opportunity to increase presence. The success of these NBFCs vs. PSUs can be attributed to product lines, lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and a better understanding of customer segments versus banks. NBFCs have witnessed success in the passenger and commercial vehicle finance segments as well as growing AUM in personal loan and housing finance sector. Additionally, improving macro-economic conditions, higher credit penetrations, consumption themes and disruptive digital trends have influenced NBFC credit growth. Stress in public sector units (PSUs), underlying credit demand, digital disruption for MSMEs and SMEs as well as increased consumption and distribution access and sectors where traditional banks do not lend are major reasons for the switch from traditional banks to NBFCs.

## Present NBFC Classifications and Industry Structure



Source: RBI; Pradhan Mantri Jan Dhan Yojana; Indian Banks' Association - Indian Banking Sector 2020

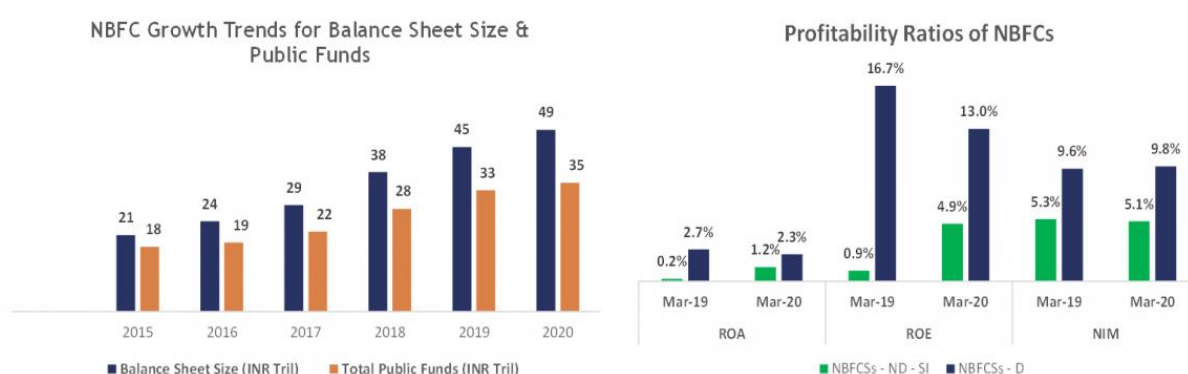
Most recently, as of October 01, 2022, there were 9,506 NBFCs registered with the RBI categorized as Asset Finance Companies, Loan Companies, Infrastructure Finance Companies (IFCs), Systematically Important Core Investment Company (NBFC – CIC – ND – SI), Infrastructure Debt Fund (NBFC – IDF) and Micro Finance Institutions (NBFC – MFIs). As a share of total assets in NBFC market, the Investment Credit Companies (ICC) have maintained the dominant share of total assets as have IFCs per the below over a 2019-2020 timeframe:



## NBFC Engines of Growth as Growth Drivers

NBFCs have also been an integral cornerstone of key financing to MSMEs, and been driven by significant growth in rural, small scale and unbanked sectors. Structural catalysts include a large vibrant start-up and entrepreneurial ecosystem which has created NBFC demand and government policy initiatives such as Pradhan Mantri Yojana and National Rural Financial plan further augmenting the industry. These include diversified financial needs of Indian economy driven by growth in lending, credit, and vehicle financing. As a result of these growth drivers, we see that NBFCs have seen bigger balance sheets & increasing public funds. Improved profitability ratios of NBFCs has been observed for NBFC-ND-SIs across metrics for ROA, ROE and NIMs with impressive returns Y-o-Y returns between 2019-2020. For NBFC-Ds the ROA has been relatively flat, ROE has declined while NIMs improved Y-o-Y for 2019-2020.

Source : <https://www.investindia.gov.in/team-india-blogs/importance-nbfc-india>



Source: RBI; Pradhan Mantri Jan Dhan Yojana; Indian Banks' Association - Indian Banking Sector 2020

Source : <https://www.investindia.gov.in/team-india-blogs/importance-nbfc-india> ;  
[https://m.rbi.org.in/scripts/BS\\_ViewBulletin.aspx?Id=21206#](https://m.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=21206#)

### Challenges in NBFC sector:

- Business is highly regulated, and it may be adversely affected by future regulatory changes.
- Financial performance is vulnerable to interest rate risk, as most of the funding is from banking channels.
- Greater competition from NBFCs/banks/fintech could impact growth in AUM and profits.

### The Road Ahead

NBFC segments provides huge growth opportunities particularly after the development of last few years. We have witnessed reasonable degree of consolidation in the NBFC sector. Liability side stress in the sector has largely reduced in last couple of years led by focussed efforts from the regulators side. With the passing of the second COVID wave, the outlook is brightening. During the year under review, the balance sheet of NBFCs expanded at a faster rate than a year ago, driven essentially by growth in credit and investments of NBFCs-ND-SI.

## OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 25 of this Draft Letter of Offer, for a discussion of the risks and uncertainties related to those statements, as well as “Restated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 88 and 144 respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.*

Our Company was originally incorporated as ‘Kakani Textiles Limited at Bombay on January 17, 1991 as a public limited company, under the Companies Act, 1956 and a Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra at Bombay. Thereafter, our Company obtained a Certificate of Commencement of Business on February 27, 1991. The name of our Company was changed to Hindustan Sanforisers Limited on November 19, 1993 and thereafter to Ikab Securities and Investment Limited on June 18, 1998. The name of our Company has been changed again to its current name vide fresh Certificate of Incorporation dated November 03, 2022.

Our Company is a non-deposit taking Non-Banking Financial Company (NBFC-ND) registered with RBI to carry on the NBFC activities under Section 45IA of the Reserve Bank of India Act, 1934 with Registration Number CoR No.13.00690.

Our Company was originally promoted by Mr Rampal Kankani and was taken over by Mr Anil Bagri and his family members in the year 1994. On November 02, 2021, Mr Madhsudan Murlidar Kela entered into share purchase agreement with Mr. Anil Bagri, Ms. Savitridevi Jajoo, Ms. Archana Bagri, Mr. Indra Bagri, Oasis Securities Limited, Linkers Enclave LLP (Formerly Known as Linkers Enclave Private Limited) and Tuscon Towers LLP (Formerly Known as Tuscon Towers Private Limited) (“Promoter Selling Shareholders”) to acquire 20,46,804 equity shares, constituting 59.91% (“Promoter Shares”) of the Voting Share of the Company (“SPA 1”); (ii) a Share Purchase Agreement with Mr. Balesh Bagree and Ms. Madhushree Bagree to acquire 1,89,900 equity shares constituting 5.56% (“Public Selling Shareholders 1”) of the Voting Share Capital of the Company (“SPA 2”) and (iii) a Share Purchase Agreement with Mr. Amit Goel, Mr. Atul Goel, Ms. Anju Goel & Ms. Shweta Goel to acquire 6,21,323 equity shares, constituting 18.19% (“Public Selling Shareholders 2”) of the Voting Share Capital of the company (“SPA 3”). The SPAs were entered to acquire an aggregate of 28,58,027 Equity Shares constituting 83.66% of the total share capital of the Company. Mr Madhusudan Murlidhar Kela made a public announcement to the acquire 5,58, 373 Equity Shares constituting 16.34% of the capital of the company and post completion of offer on February 24, 2022 completed the acquisition of 28,58,027 Equity Shares constituting 83.66% of the total paid-up capital of the Company. He is currently the promoter of the Company.

We acquired 50,000 Equity Shares, constituting 100% of the share capital of Destination Properties Private Limited and this company has become our wholly owned subsidiary with effect from December 26, 2022.

### **Our Business**

Our Company was acting as Depository Participants under SEBI ((Depositories and Participants), Regulations 1996 with CDSL & NSDL, respectively and was also registered as a Trading Member under Securities and Exchange Board of India (Stock Brokers and Sub- Brokers) Regulations, 1992 with, The Stock Exchange, Mumbai (currently known as BSE Ltd) and the National Stock Exchange of India Ltd. Our Company has ceased to carry on the activities of Depository Participants and being a Trading Member. Our Company has surrendered its licenses to act as Depository Participant and Trading Member vide our application with NSE and BSE dated 25.03.2014 and 24.03.2014 respectively. The surrender has however not been effected till date and SEBI has returned application with a remark, “Pending Adjudication Proceedings against IKAB and its erstwhile promoters namely Indra Kumar Bagri, Anil Kumar Bagri and



Oasis Securities Limited.” Post the dismissal of the Adjudication Order by Securities Appellate Tribunal (SAT), the Company has once again initiated the process of surrender of our broking licences to both the NSE and BSE. Our application has been accepted and a common number has been allocated by the BSE as we have chosen BSE as the designated Exchange. Certain additional documents have been requested by BSE for onward submission to SEBI and we are in the process of submitting the same. We are currently engaged in the business of trading / investment in shares and securities / lending of funds and operate in one geographical segment in ‘India’.

### Our Business Operations

Particulars	Half year ended September 30, 2022*	Fiscal 2022	Fiscal 2021	Fiscal 2020
Total Income from operations	282.41	1,371.92	830.68	157.62
EBITDA	252.71	613.35	326.69	(145.82)
Profit after Tax	189.37	469.51	226.34	(115.84)
Equity Share Capital	341.64	341.64	341.64	341.64
Net worth	1,737.16	1,548.57	1098.16	889.83
Net Asset Value	50.85	45.30	32.31	25.36
Total Borrowings	2,500.00	0.00	0.00	0.00

### Our Subsidiaries

We have one subsidiary, viz. Destination Properties Private Limited (“DPPL”), which became our wholly-owned subsidiary on December 26, 2022. DPPL is currently into the business of real estate development in Gurgaon and is exploring avenues for various investments and real estate development related opportunities. The share capital of the Company is Rs. 5,00,000.

### Our Strategies

We are currently in the process of identifying and narrowing down on the right product and region to cater to within the vast lending space. We are also in the process of expanding the human capital and building the right team to achieve the desired result. Idea is to focus on lending segments where we can sustainably generate healthy ROAs and ROEs while maintaining a tight control on asset quality.

We are exploring alternative asset classes within the financial services segment other than pure lending opportunities as well.

This may involve both organic and inorganic opportunities to foray into new segments.

### Human Resources

We believe our employees are one of our most important assets and critical to maintaining our competitive position in our industry. As on September 30, 2022, we had two full time employees. The following table sets forth a bifurcation of the number of our employees as of September 30, 2022:

Sr. No.	Description	No. of Employees
1	Top Management	3
2	Corporate support staff (Accounts, Secretarial, office staff)	-
3	Others	-
	Total	3



## Competition

We operate in a highly competitive industry. We face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions, captive finance affiliates of players in various industries, small finance banks and other NBFCs who are active in SME, retail and individual lending. Many of our competitors may have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. They may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Competition in our industry depends on, amongst others, the ongoing evolution of government and regulatory policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

## Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. We are not required to constitute a Corporate Social Responsibility Committee as our Company does not fall within purview of Section 135(1) of the Companies Act, 2013. We are also not required to formulate a policy on corporate social responsibility

## Insurance

We do not have any insurance policy as on the date of this Draft Letter of Offer.

## Intellectual Property

We do not own any trademarks and none of them are registered as on the date of this Draft Letter of Offer.

## Leasehold Property

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	No objection letter from Indian Express Newspapers Mumbai Private Limited dated April 18, 2022 for the sub-lease of the property from Invexa Capital LLP – an LLP in which Mr Madhusudan Kela is a Partner	11 <sup>th</sup> Floor, Express Towers, Nariman Point, Mumbai 400 021	Nil	The Lease Agreement by Invexa LLP with Indian Express Newspapers Private Limited is up to March 31, 2023	Registered Office

## OUR MANAGEMENT

### Our Board of Directors

Our Articles of Association require us to have not less than three (3) and not more than Twelve (12) Directors. As on date of this Draft Letter of Offer, we have four (4) Directors on our Board, which includes, Chairman and Managing Director, Non- Executive Director (1) and Two (2) Independent Directors. There is one woman independent director.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
<b>Mr Madhusudan Murlidhar Kela</b> <b>DIN:</b> 05109767 <b>Date of Birth:</b> 28/05/1968 <b>Designation :</b> Managing Director <b>Address:</b> Vandan CHS, 16th Floor, Next to Elizabeth Hospital, Walkeshwar, Malabar Hills, Mumbai – 400006, Maharashtra <b>Original date of Appointment:</b> March 10, 2022 <b>Occupation :</b> Business <b>Term:</b> for a period of 5 years from March 10, 2022 <b>Nationality:</b> Indian	54	Singularity Furniture Private Limited  <i>LLPs</i> Invexa Capital LLP – Partner
<b>Mr Sumit Bhalotia</b> <b>DIN:</b> 08737566 <b>Date of Birth:</b> 05/11/1984 <b>Designation:</b> Non Executive Director <b>Address:</b> E-1703 Raheja Heights CHS Ltd, Bldg 239, Near NNP, Off AKV Marg, Malad (East), Mumbai – 400 097, Maharashtra <b>Original Date of Appointment:</b> 27.05.2022 <b>Occupation:</b> Business <b>Term:</b> Liable to retire by rotation <b>Nationality:</b> Indian	38	<i>LLPs</i> Invexa Capital LLP- Partner
<b>Mr Sanjay Malpani</b> <b>DIN:</b> 07772768 <b>Date of Birth:</b> 30/08/1966 <b>Designation:</b> Independent Director <b>Address:</b> 3C-124, Kalpataru Estate, Jogeswari, Vikroli Link, Near Majas Bus Depot, Andheri (East), Chakala MIDC, Mumbai – 400 093, Maharashtra <b>Original Date of Appointment:</b> 27.05.2022 <b>Occupation:</b> Business <b>Term:</b> for a period of 5 years from 27.05.2022 <b>Nationality:</b> Indian	55	Singularity Ventures Private Limited
<b>Ms Swati Dujari</b> <b>DIN:</b> 05349218 <b>Date of Birth:</b> 11/07/1985 <b>Designation:</b> Independent Director <b>Address:</b> D – 21, Kakad Estate, Sagar Darshan CHS, 106 R.G, Thadani Marg, Worli, Mumbai – 400018, Maharashtra <b>Original Date of Appointment:</b> 03/09/2012 <b>Occupation:</b> Business <b>Term:</b> for a period of 5 years from September 29, 2019 <b>Nationality:</b> Indian	37	None

## **Brief Profile for our Directors**

**Mr Madhusudan Kela, our Managing Director** is one of the most well-known and seasoned investors in Indian Capital Markets, with an extensive experience of over 27 years. He has expertly played the role of Chief Investment Officer for over a decade, leading a team of over 40 investment professionals, and managed the Equity portfolio of the largest asset management company in India. At the Reliance Group, which he joined in 2001, he was a permanent invitee to all board meetings, in the capacity of a senior decision maker and key Group resource. After a 17-year successful stint at Reliance Group, he went entrepreneurial in Jan 2018. He is currently the promoter of a proprietary investment vehicle started in 2018 – “MKVENTURES” which is a boutique proprietary investment firm focussed on alpha opportunities. He is also on the committees of CII, FICCI and SIDBI. Mr Kela has also been recognised as the Best Equity Fund Manager, and received this award from the Prime Minister of India. He has actively counselled the leading Industrial Houses in India, and also on their personal investments. He also informally advises family offices of several distinguished HNIs, and select global institutions on investing into India. He is also frequently invited to make representations to policy makers on critical business-related issues of national importance, helping take the industry voice to the policy makers.

He was also the architect behind the staggering growth in RMF’s AUM from less than Rs. 200 Cr to over 1 lakh Cr in less than a decade. He is widely regarded for his ability for wealth creation. Over the last three decades, he has identified and mentored several passionate entrepreneurs. He has helped several promising companies realize their true potential.

He has been profiled by leading Indian and International magazines, including the likes of Forbes and Asia money. His views are sought after by the leading business news channels in India including CNBC TV18, ET Now, Bloomberg, BTVI and CNBC Awaaz, and Zee Business. He is a regular panellist for sharing investment views, and opinion on a host of macro and thematic events. He has also hosted or been a panel invitee to major conferences organized by industry bodies like FICCI, CII, leading domestic and international institutions related to capital markets etc. He is involved in social and religious causes and is a Trustee at Konark Cancer Foundation – providing financial assistance and helping them get the right treatment and patient care. He is also an active volunteer for Isha Foundation.

**Mr. Sumit Bhalotia, our Non-Executive Director** has over 15 years of work experience across diverse industries ranging from financial services, oil & gas, telecom and information technology. This includes more than a decade of experience in equity research & fund management. He is currently associated with MKVentures, a boutique investment management firm focussed on alpha generation. Before joining MKVentures, Sumit was Assistant Vice President – Investments at Reliance Capital Ltd. He has also worked at CRISIL, Indian Oil Corp and Cognizant Technology in various roles. Sumit started his investing career as an analyst conducting extensive modelling for a top Global research team focussed on European equities. Sumit has evaluated investments in almost all key sectors, given the sector agnostic, concentrated investing style of the firm and leads the team’s initiatives in banking & financial services. Sumit has also been instrumental in developing a lot of the team’s proprietary models and market assessment tools. He closely tracks disruptions in existing businesses and emerging technologies, especially in Fintech, which has led to some of the firm’s key investments in this space. Besides being a passionate stock picker, Sumit also spends a lot of time understanding the deep complexities of the global financial markets and leverages this knowledge to ensure the broader market direction is well understood and tracked. Mr. Sumit holds a Bachelor of Technology (Computer Science) from Maulana Abul Kalam Azad University of Technology, West Bengal and an MBA (PGDM) from the Xavier Institute of Management (XIMB), one of the premier business schools in India. He is also a CFA Charter holder.

**Mr. Sanjay Malpani, Independent Director** is a Chartered Accountant. He has wide experience in administration, growth strategies, corporate structuring, business planning, treasury and risk management in diverse organizations in Food, Oil & Gas, Trading and distribution of consumer and industrial goods industries; working for leading MNCs, large corporates & promoter-driven companies in India and abroad. He has a good understanding of businesses and their drivers, combined with a solution orientation that has

helped deliver a range of solutions across various roles. He created and led teams, with an entrepreneurial outlook, to open up new opportunities and business Lines across industries and influenced policy changes by MOFPI to improve the operational and financial efficiency of Food Parks. He held diverse positions in various fields in leading corporates.

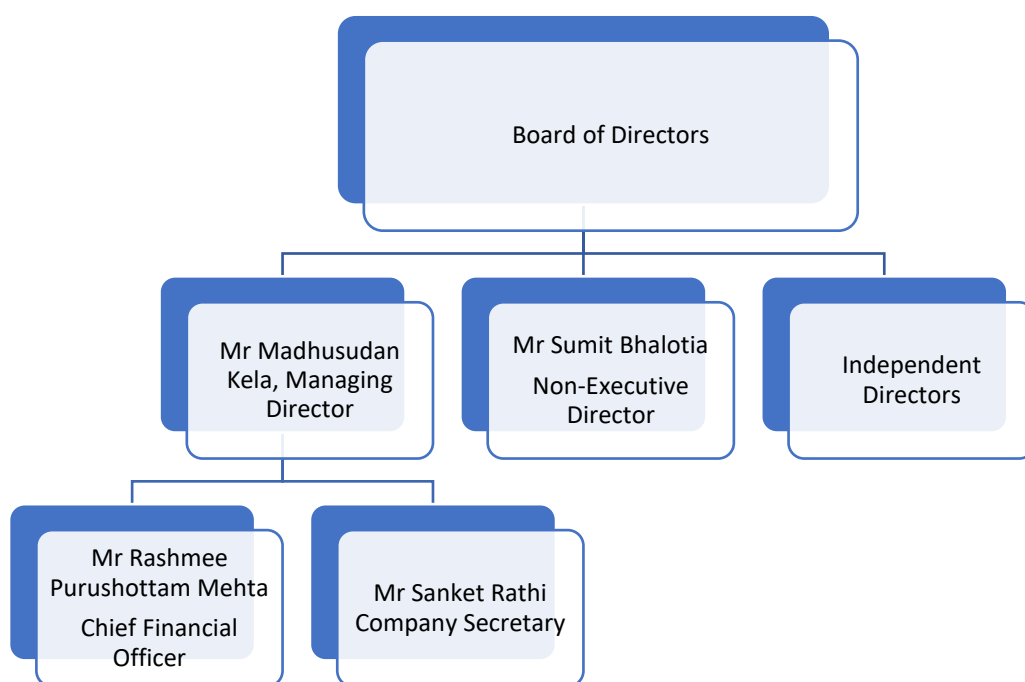
**Ms Swati Dujari, Independent Director** is a graduate in Arts and has worked as an IELTS Trainer for 2 years. Her hobbies include painting and reading.

### Confirmations

1. None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.
2. Further, none of the Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.

### Management Organization Structure

The following is the organization structure of our Company:



### Corporate Governance

The provisions of the Companies Act, 2013 with respect to corporate governance are applicable to us.

We are compliant with the requirements of the applicable provisions of the Act and the regulations, including the SEBI Listing Regulations, Companies Act, 2013 and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Committees, as required under the law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

### **Committees of our Board**

Our Board has constituted following committees in accordance with the requirements of the Companies Act, 2013 and SEBI Listing Regulations:

- a) Audit Committee;
- b) Stakeholders' Relationship Committee;
- c) Nomination and Remuneration Committee;
- d) Rights Issue Committee

Details of each of these committees are as follows:

#### **a. Audit Committee**

Our Audit Committee has the following members of the said committee:

<b>S. No.</b>	<b>Name of Member</b>	<b>Designation</b>
1.	Sanjay Malpani	Chairman
2.	Madhusudan Murlidhar Kela	Member
3.	Swati Dujari	Member

The Company Secretary acts as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

- i. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter.
- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- viii. Approval or any subsequent modification of transactions of the listed entity with related parties.
- ix. Scrutiny of inter-corporate loans and investments.
- x. Valuation of undertakings or assets of the listed entity, wherever it is necessary.
- xi. Evaluation of internal financial controls and risk management systems.
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- xiv. Discussion with internal auditors of any significant findings and follow up there on.
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xviii. To review the functioning of the whistle blower mechanism.
- xix. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
- xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xxi. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- xxii. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- xxiii. To review Statement of deviations in terms of Regulation 32(1) & 32(7); including report of monitoring agency, if applicable.
- xxiv. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modifications as may be applicable.

The periodic review ensures that all areas within the scope of the Committee are reviewed. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairman of the Company, the Managing Director, Chief Financial Officer, the Internal Auditors and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Internal Auditor reports to the Chairman of the Audit Committee. The significant audit observations and corrective actions as may be required and taken by the management are presented to the Audit Committee.

As required under the SEBI Listing Regulations, the Audit Committee meets at least four times a year with maximum interval of 120 days between two meetings and the quorum for each meeting of the Audit Committee is two members or one third of the number of members of the Committee, whichever is greater, provided that minimum of two independent directors are present at each of the meetings.

**b. Stakeholders Relationship Committee**

The members of the Stakeholders Relationship Committee are as follows:

S. No.	Name of Member	Designation
1.	Madhusudan Murlidhar Kela	Chairperson
2.	Sanjay Malpani	Member
3.	Sumit Bhalotia	Member

The Company Secretary acts as the secretary of the Stakeholders Relationship Committee.

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders Relationship Committee of our Company include:

- i. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- ii. Review of measures taken for effective exercise of voting rights by shareholders;
- iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- iv. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

As required under the SEBI Listing Regulations, the Stakeholders Relationship Committee meets at least once a year, and the chairperson of the committee shall be present at the Annual General Meetings to answer queries of the security holders. The quorum for the meeting of this Committee shall be either two members or one third of the members of the Committee whichever is greater, including at least one independent director in attendance at the meeting.

**c. Nomination and Remuneration Committee**

The members of the Nomination and Remuneration committee are as follows:

S. No.	Name of Member	Designation
1.	Sanjay Malpani	Chairperson
2.	Sumit Bhalotia	Member
3.	Swati Dujari	Member

The Company Secretary acts as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
- ii. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required.
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity and
  - c. consider the time commitments of the candidates.
- iii. Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- iv. Devising a policy on diversity of board of directors.
- v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- vi. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vii. Recommend to the board, all remuneration, in whatever form, payable to senior management.
- viii. Recommend to the board, all remuneration, in whatever form, payable to Directors, KMP, Senior Management, i.e. salary, benefits, bonus, stock options etc. and determining policy on service contracts, notice period, severance fees for Directors, KMP and Senior Management;
- ix. Reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria.
- x. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modifications as may be applicable.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the Annual General Meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in attendance at the meeting.



**d. Rights Issue Committee**

Our Company has constituted a Rights Issue Committee on December 20, 2022. The composition of the Rights Issue Committee is as under:

S. No.	Name of Member	Designation
1.	Sanjay Malpani	Chairperson
2.	Sumit Bhalotia	Member
3.	Swati Dujari	Member

The Company Secretary acts as the secretary of the Rights Issue Committee.

The terms of reference, powers and role of our Rights Issue Committee are as follows:

- i.to appoint and enter into arrangements with registrar, ad-agency, monitoring agency, banker(s) to the Rights Issue and all other intermediaries and advisors necessary for the Rights Issue.
- ii.to negotiate, authorize, approve and pay commission, fees, remuneration, expenses and/ or any other charges to the applicable agencies/ persons and to give them such directions or instructions as it may deem fit from time to time.
- iii.to approve and adopt any financial statements prepared for purposes of inclusion in the issue documents, pursuant to the requirements outlined by the SEBI ICDR Regulations or any other applicable law for time being in force, including intimating the approval and adoption of such financial statements to the Stock Exchanges, if required.
- iv.to negotiate, finalise, settle and execute the issue agreement, registrar agreement, monitoring agency agreement, underwriting agreement, ad-agency agreement, banker, lead manager to the issue agreement and any other agreement with an intermediary and all other necessary documents, deeds, agreements and instruments in relation to the Rights Issue, including but not limited to any amendments/ modifications thereto.
- v.to take necessary actions and steps for obtaining relevant approvals from the SEBI, the Stock Exchange, the RBI, or such other authorities, whether regulatory or otherwise, as may be necessary in relation to the Rights Issue.
- vi.to finalise the issue documents and any other documents as may be required and to file the same with the SEBI, the Stock Exchange and other concerned authorities and issue the same to the shareholders of the Company or any other person in terms of the issue documents or any other agreement entered into by the Company in the ordinary course of business.
- vii.to decide in accordance with applicable law, the terms of the Rights Issue, the total number, issue price and other terms and conditions for issuance of the equity shares to be offered in the Rights Issue, and suitably vary the size of the Rights Issue, if required, in consultation with the Lead Manager.
- viii.to fix the record date for the purpose of the Rights Issue for ascertaining the names of the eligible shareholders who will be entitled to the equity shares, in consultation with the Stock Exchange.
- ix.to decide the rights entitlement ratio in terms of number of equity shares which each existing shareholder on the Record Date will be entitled to, in proportion to the equity shares held by the eligible shareholder on such date.
- x.to open bank accounts with any nationalised bank/ private bank/ scheduled bank for the purpose of receiving applications along with application monies and handling refunds in respect of the Rights Issue.

- xi.to appoint bankers to the issue / refund bankers for the purpose of collection of application money for the Rights Issue at the mandatory collection centres at the various locations in India.
- xii.to decide in accordance with applicable law on the date and timing of opening and closing of the Rights Issue and to extend, vary or alter or withdraw the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by the SEBI, the Stock Exchange or other authorities from time to time.
- xiii.to issue and allot equity shares in consultation with the Lead Manager(s), the registrar, the Stock Exchange and to do all necessary acts, execution of documents, undertakings, etc. with National Securities Depository Limited and Central Depository Services (India) Limited, in connection with admitting the Equity Shares issued in the Rights Issue.
- xiv.to take such actions as may be required in connection with the creation of separate ISIN for the credit of rights entitlements in the Rights Issue.
- xv.to apply to regulatory authorities, if required, seeking their approval for allotment of any unsubscribed portion of the Rights Issue (in favour of the parties willing to subscribe to the same).
- xvi.to decide, at its discretion, the proportion in which the allotment of additional equity shares shall be made in the Rights Issue.
- xvii.to dispose of the unsubscribed portion of the equity shares in such manner as it may think most beneficial to the Company, including offering or placing such equity shares with promoter and/ or promoter group/ banks/ financial institutions/ investment institutions/ foreign institutional investors/ bodies corporate or such other persons as the Rights Issue Committee may in its absolute discretion deem fit.
- xviii.to decide the mode and manner of allotment of the equity shares, if any, not subscribed and left/ remaining unsubscribed after allotment of the equity shares and additional equity shares applied by the Shareholders and renounces.
- xix.to appoint underwriters and decide the underwriting obligations inter-se and such other terms and conditions thereof, as it may deem fit and to enter into underwriting agreement for this purpose.
- xx.to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issue and allotment of the equity shares as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Rights Issue and allotment of the equity shares; and
- xxi.to take all such steps or actions and give all such directions as may be necessary or desirable in connection with the Rights Issue and also to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issuance and allotment of the equity shares as aforesaid and to do all such acts and deeds in connection therewith and incidental thereto, as the Rights Issue Committee may in its absolute discretion deem fit.

### **Our Key Managerial Personnel**

In addition to our Executive Directors, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', given below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

**Mr Rashmee Purushottam Mehta**, aged **66 years**, is the Chief Financial Officer of our Company with effect from 08<sup>th</sup> September 2022. He holds a Bachelor's Degree in Commerce. He has more than of 40 years of experience in the field of Finance, Accounts and Investment.

**Mr Sanket Rathi** aged 33. years, is the Company Secretary and Compliance Officer of our Company with effect from 27<sup>th</sup> May, 2022 He holds a Bachelor's degree in Commerce and is a member of the Institute of Company Secretaries of India. He is responsible for handling secretarial matters of our Company.

All our Key Managerial Personnel are permanent employees of our Company.

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

**Relationship Between Key Managerial Personnel**

There is no relationship amongst the Key Managerial Personnel.

## OUR PROMOTER

Our Promoter is Mr Madhusudan Murlidhar Kela. As on date of this Draft Letter of Offer, the Promoter holds in aggregate of 28,58,027 Equity Shares constituting 83.66 % of our issued, subscribed and paid-up equity share capital.

Our Company confirms that the PAN, bank account number and passport number of our individual promoter shall be submitted to the Stock Exchange at the time of filing this Draft Letter of Offer.

For details of the educational qualifications, experience, other directorships, positions / posts held by our individual promoter, please see the chapter titled “*Our Management*” on page 74 of this Draft Letter of Offer.

### Confirmations

1. Our Promoter has not been as a Wilful Defaulters or Fraudulent Borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by him in the past or are currently pending against him.
2. Our Promoter has not been declared as a Fugitive Economic Offender.
3. Our Promoter has not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter is not and has never been a promoter, director or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
4. Except as disclosed in the ‘*Outstanding Litigation and Material Developments - Disciplinary action against our Company or our promoter or our directors by SEBI or any stock exchange in the last three Financials*’ on pages 161 / 163 of this Draft Letter of Offer, there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

## RELATED PARTY TRANSACTIONS

We have entered into the following related party transactions from April 01, 2022 to January 31, 2023:

Name of the related party	Relationship	Nature of transactions	Amount (In Rs.)
Parthasarathi Investment Advisory Services Private Limited	100% equity shares of the entity held by an entity wherein promoter has more than 20% holding	Purchase of investments	5,00,000
Chartered Finance and Leasing Limited	24.05% equity shares of the entity held by an entity wherein promoter has more than 20% holding	Interest on borrowing	64,70,877
Chartered Finance and Leasing Limited	24.05% equity shares of the entity held by an entity wherein promoter has more than 20% holding	Loan taken	1,69,00,00,000
Chartered Finance and Leasing Limited	24.05% equity shares of the entity held by an entity wherein promoter has more than 20% holding	Loan repaid	85,05,00,000
Sanket Rathi	Company Secretary	Salary paid	4,25,000
Sanjay Malpani	Director	Director sitting fee	8,100
Sumit Bhalotia	Director	Director sitting fee	8,700
Swati Dujari	Director	Director sitting fee	8,700
Rashmee Mehta	CFO	Salary paid	4,00,000

### Disclosure in respect of related parties balances at the end of January 31, 2023 :-

Name of the related party	Relationship	Nature of transactions	Amount (in Rs.)
Chartered Finance and Leasing Limited	24.05% equity shares of the entity held by an entity wherein promoter has more than 20% holding	Loan payable	83,95,00,000
Sanket Rathi	Company Secretary	Salary payable	1,40,500
Sanjay Malpani	Director	Director sitting fee payable	2,700
Sumit Bhalotia	Director	Director sitting fee payable	2,700
Swati Dujari	Director	Director sitting fee payable	2,700
Rashmee Mehta	CFO	Salary payable	86,000

For further details regarding related party transactions, during the last three Financials, as per the requirements under the relevant accounting standards and as reported in the Restated Financial Information, see section titled “*Restated Financial Information- Note No 33* at page 126 of this Draft Letter of Offer.

## DIVIDEND POLICY

As Dividend Policy is not mandatorily required for our Company, we do not have Dividend Distribution Policy. Dividend declared if any, will depend on a number of factors, including but not limited to capital allocation plans including expected cash requirements of the Company towards working capital, capital expenditure in technology and Infrastructure etc.; funds required for any acquisitions that the Board of Directors may approve; any share buy-back plans; minimum cash required for contingencies or unforeseen events; funds required to service any outstanding loans; liquidity and return ratios; any other significant developments that require cash investments and Investments required towards execution of the Company's strategy. In addition, our ability to pay dividends may be impacted by a number of external factors, including the regulatory and financial environment. Our Company would endeavour to maintain a dividend pay-out keeping these factors in mind.

We have not declared any dividend for the last 5 years.

## SECTION V - FINANCIAL INFORMATION

S. No.	Details	Page Number
1.	Restated Financial Statements as at and for the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020.	88
2	Unaudited Limited reviewed financials for the half year ended September 30, 2022	136
2.	Accounting Ratios	142
3.	Statement of Capitalization	143

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Restated Financial Statements as at and for the Financial Years ended  
March 31, 2022, March 31, 2021, and March 31, 2020.

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**Independent Auditors' Examination Report on the Restated Statement of Assets and Liabilities as at March 31, 2022, 2021, and 2020 and Restated Statement of Profit and Loss (including Other Comprehensive Income), and Restated Statement of Cash Flows and Restated Statement of Changes in Equity for each of the years ended March 31, 2022, 2021, and 2020, Summary of significant accounting policies and other explanatory information for each of the years ended March 31, 2022, 2021 and 2020 of MKVentures Capital Limited (the "Company") (collectively, the "Restated Financial Information")**

To  
The Board of Directors  
MKVentures Capital Limited  
11<sup>th</sup> Floor, Express Towers Nariman Point  
Mumbai- 400021, Maharashtra.

OFFICE COPY

Dear Sir /Madam,

1. We, ARSK & Associates, Chartered Accountants, have examined the attached Restated Financial Information of **M/s MKVentures Capital Limited (the "Company")** which comprises of the Restated Statement of Assets and Liabilities as at March 31, 2022, 2021, and 2020 and Restated Statement of Profit and Loss (including Other Comprehensive Income), and Restated Statement of Cash Flows and Restated Statement of Changes in Equity for each of the years ended March 31, 2022, 2021, and 2020, Summary of significant accounting policies and other explanatory information (**collectively, the "Restated Financial Information"**) as approved by the Board of Directors of the company (the "**Board**") at their meeting held on **31<sup>st</sup> January 2023**, for the purpose of inclusion in the Draft Letter of offer and Letter of offer (collectively referred to as "**Offer Documents**") prepared by the company in connection with its proposed Right Issue of equity shares of face value of Re.10 each (the "**Issue**"), and have been prepared by the Company in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of The Companies Act, 2013 as amended (the "**Act**");
- b) Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**ICDR Regulations**"); and
- c) The Guidance Note on Reports on Company Prospectuses (**Revised 2019**) issued by the Institute of Chartered Accountants of India ("**ICA**"), (the "**Guidance Note**")

**2. Management's Responsibility for the Restated Financial Information**

The Company's Board of Directors is responsible for the preparation of Restated Financial Information for the purpose of inclusion in the offer Documents to be filed with BSE Limited and the same shall disseminate to the Securities and Exchange board of India for information purpose only and any other regulatory authorities in connection with proposed issue. The Restated Financial Information have been prepared by the Board of Directors of the Company on the basis of preparation stated in Note 2 to the Restated Financial Information. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Company's Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, the ICDR Regulations and the Guidance Note as applicable.

**3. Auditors' Responsibilities**

We have examined such Restated Financial Information taking into consideration:

- a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated **January 31, 2023**, requesting us to carry out work on such





- Restated Financial statement, proposed to be included in the Offer Documents of the Company in connection with the Company's Proposed Right Issue of equity share.
- b) The Guidance Note: The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by Institute of Chartered Accountant of India.
  - c) concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Proposed Right Issue of equity shares;
4. The Restated Financial Information have been compiled by the management from the Audited Ind AS financial statements of the Company as at and for the year ended March 31, 2022, 2021 and 2020, which was prepared in accordance with the Indian Accounting Standards(referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meetings held on May 27, 2022, June 23, 2021 and July, 31, 2020 respectively.
  5. For the purpose of our examination, we have relied on the independent Auditor's Reports issued dated May 27, 2022, June 23, 2021 and July, 31, 2020 on the financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020 respectively issued by the Company's previous auditor, as referred to in Paragraph 4 above.
  6. As indicated in our audit reports referred in paragraph 5 above, we did not audit the financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, whose share of total assets, total revenues and net cash inflows / outflows in the financial statements, for the relevant years is tabulated below, which have been audited by **M/s A.V. Arolkar & Co.** (referred to as the "Previous Auditors") and whose reports have been furnished to us by the company's management and our opinion on the historical financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the Previous Auditors.

(Amounts are in Rs. thousands)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Total Assets	1,55,081.45	1,18,046.15	90,240.03
Total Revenue	1,37,183.08	83,061.83	15,761.95
Net Cash Inflow / (Outflow)	(1,335.94)	(14,807.46)	4,075.96

Our audit opinion on the Financial statements of the company as at and for the years ended March 31, 2022, March 31, 2021, March 31, 2020 were not qualified for the above matter.

7. The examination report of the Previous Auditors included the following matters in their audit report on financial statement for the financial year 2021-22 which is reproduced below and which does not require any corrective adjustments in the Restated Financial Information:

We draw attention to the financial statements and the financials of the company indicates that selling of all the fixed assets and no employee indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The above factors cast a significant uncertainty on the Company's ability to continue as a going concern. The Company has prepared the aforesaid statement on a going concern basis as detailed in their explanation given in Note No. 2.2.

8. Based on our examination, in accordance with the ICDR Regulations and Guidance Note, and according to the information and explanations given to us, and also as per the reliance placed on the examination reports



submitted by the Previous Auditors on their audits / examination of financial statements for the respective years, we report that in the Restated Financial Information:

- i) There are no adjustments for changed in accounting policies, any material error for incorporation in the restated Financial statements, retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the periods.
  - ii) There are no adjustments and regrouping for the material amount in the Restated Financial Statements in the respective years to which they relate except for the adjustments provided in Note 41 of the Restated Financial Information.
  - iii) There are no qualifications in the audit report on the audited financial statement of the company as at and for the years ended March 31, 2022, 2021 and 2020.
  - iv) Restated Financial Information have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. We have not audited any financial statements of the company as of the date or for any period prior to July 01, 2022. Accordingly, we express no opinion on the financial position, results of operations or cash flow of the company as of any date or for any period prior to July 01, 2022.
10. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in Paragraph 5 above.
11. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with Registrar of Companies Maharashtra at Mumbai and BSE Limited, in connection with the Proposed Right issue of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For ARSK & Associates**  
Chartered Accountants  
Firm's Registration Number: 315082E



**CA. Ravindra Khandelwal**  
Partner  
Membership Number: 054615  
Date: 31.01.2023  
Place: Kolkata  
UDIN: 23054615BGVWZU3904



**MKVENTURES CAPITAL LIMITED (FORMERLY KNOWN AS "IKAB SECURITIES AND INVESTMENT LIMITED")****CIN: L17100MH1991PLC059848****Restated Statement of Assets and Liabilities**

Amounts are in Rs. thousands, unless otherwise stated

Particulars	Notes	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4	282.08	1,618.02	16,425.48
Bank balance other than Cash and cash equivalents	5	11,854.53	10,648.15	10,630.51
Receivables				
Trade receivable	6	-	-	-
Other receivable	6	103.10	13,566.04	1,536.26
Loans	7	-	16,151.10	16,523.28
Investments	8	1,35,234.59	68,501.02	38,228.77
Other Financial Assets	9	4,018.62	4,833.68	2,408.22
<b>Total financial assets (A)</b>		<b>1,51,492.92</b>	<b>1,15,318.01</b>	<b>85,752.52</b>
<b>Non-financial assets</b>				
Current tax assets (net)	10	3,497.94	1,877.94	111.11
Deferred tax assets (net)	11	78.12	291.12	3,829.16
Property, plant and equipment	12	-	450.61	417.99
Intangible assets	13	-	103.82	116.93
Other non-financial assets	14	12.47	4.65	12.32
<b>Total non-financial assets (B)</b>		<b>3,588.53</b>	<b>2,728.14</b>	<b>4,487.51</b>
<b>Total Assets (A+B)</b>		<b>1,55,081.45</b>	<b>1,18,046.15</b>	<b>90,240.03</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
<b>Financial liabilities</b>				
Payables				
Trade payables	15			
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Other payables	15	160.80	3,307.70	214.73
<b>Total financial liabilities (A)</b>		<b>160.80</b>	<b>3,307.70</b>	<b>214.73</b>
<b>Non-financial liabilities</b>				
Provisions	16	50.27	2,512.40	460.15
Other non-financial liabilities	17	13.35	2,409.55	582.30
<b>Total non-financial liabilities (B)</b>		<b>63.62</b>	<b>4,921.95</b>	<b>1,042.45</b>
<b>Equity</b>				
Equity Share Capital	18	34,164.00	34,164.00	34,164.00
Other equity	19	1,20,693.03	75,652.50	54,818.85
<b>Total equity (C)</b>		<b>1,54,857.03</b>	<b>1,09,816.50</b>	<b>88,982.85</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>1,55,081.45</b>	<b>1,18,046.15</b>	<b>90,240.03</b>
Summary of significant accounting policies and other explanatory information	1 - 45			

The accompanying notes are integral part of the restated financial information  
As per our report of even date

**For ARSK & Associates**  
Chartered Accountants  
Firm's Registration No: 315082E

**For and on behalf of the board of Directors**

**CA. Ravindra Khandelwal**  
Partner  
Membership No: 054615

**Madhusudan Murlidhar Kela**  
Managing Director  
DIN: 05109767

**Swati Mukesh Dujari**  
Director  
DIN: 05349218

Date: 31/01/2023  
Place: Kolkata

**Sanket Dilip Rathi**  
Company Secretary

**Rashmee Purushottam Mehta**  
Chief Financial Officer



**MKVENTURES CAPITAL LIMITED (FORMERLY KNOWN AS "IKAB SECURITIES AND INVESTMENT LIMITED")**
**CIN: L17100MH1991PLC059848**
**Restated Statement of Profit and Loss**

Amounts are in Rs. thousands, unless otherwise stated				
Particulars	Notes	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
<b>Revenue from operations</b>				
Interest Income	20	18,708.13	13,241.31	2,475.63
Dividend income	21	0.43	698.58	69.09
Net gain on fair value changes	22	1,18,474.52	69,121.94	13,217.24
<b>Total revenue from operations</b>		<b>1,37,183.08</b>	<b>83,061.83</b>	<b>15,761.95</b>
Other income	23	8.64	7.00	0.19
<b>Total Income</b>		<b>1,37,191.72</b>	<b>83,068.83</b>	<b>15,762.14</b>
<b>Expenses</b>				
Finance costs	24	67,206.45	42,917.29	20,529.86
Impairment on financial instruments	25	(4,039.90)	(130.82)	4,130.82
Employee benefits expenses	26	8,628.56	5,800.22	3,592.48
Depreciation and amortisation	27	61.96	58.55	100.42
Other expenses	28	4,061.11	1,813.06	2,090.51
<b>Total expenses</b>		<b>75,918.18</b>	<b>50,458.30</b>	<b>30,444.09</b>
<b>Profit/(Loss) before tax</b>		<b>61,273.54</b>	<b>32,610.53</b>	<b>(14,681.95)</b>
<b>Tax expense</b>	31			
- Current tax		14,750.00	6,273.97	-
- Tax expense relating to prior years		-	-	39.92
- Deferred tax		(427.57)	3,702.03	(3,137.80)
<b>Total tax expense</b>		<b>14,322.43</b>	<b>9,976.00</b>	<b>(3,097.88)</b>
<b>Profit/(Loss) for the year</b>		<b>46,951.11</b>	<b>22,634.52</b>	<b>(11,584.07)</b>
<b>Other comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss :				
- Re-measurement of defined benefit plans		(1,270.00)	(1,964.87)	(127.59)
- Income Tax relating to above	31	640.57	(163.99)	(421.29)
<b>Total other comprehensive income/ (loss) for the year</b>		<b>(1,910.57)</b>	<b>(1,800.88)</b>	<b>293.70</b>
<b>Total comprehensive income/ (loss) for the year</b>		<b>45,040.54</b>	<b>20,833.65</b>	<b>(11,290.37)</b>
<b>Earnings per equity share (in Rs.)</b>				
- Basic and diluted	29	<b>13.74</b>	<b>6.63</b>	<b>(3.39)</b>
Summary of significant accounting policies and other explanatory	1 - 45			

The accompanying notes are integral part of the restated financial information  
As per our report of even date

**For ARSK & Associates**

Chartered Accountants  
Firm's Registration No: 315082E

**CA. Ravindra Khandelwal**

Partner  
Membership No: 054615

Date: 31/01/2023  
Place: Kolkata

**For and on behalf of the board of Directors**

**Madhusudan Murlidhar Kela**  
Managing Director  
DIN: 05109767

**Swati Mukesh Dujari**  
Director  
DIN: 05349218

**Sanket Dilip Rathi**  
Company Secretary

**Rashmee Purushottam Mehta**  
Chief Financial Officer

**MKVENTURES CAPITAL LIMITED (FORMERLY KNOWN AS "IKAB SECURITIES AND INVESTMENT LIMITED")**
**CIN: L17100MH1991PLC059848**
**Restated Statement of Cash Flows**
**Amounts are in Rs. thousands, unless otherwise stated**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
<b>Cash flow from operating activities</b>			
Profit/ (loss) before tax	61,273.54	32,610.53	(14,681.95)
<b>Adjustments for:</b>			
Depreciation & amortisation	61.96	58.55	100.42
Interest on fixed deposits	(16,521.46)	(10,228.11)	(701.46)
Loss on sale of property, plant & equipments	106.97	-	-
Impairment on financial instruments	(4,039.90)	(130.82)	4,130.82
Net (gain)/loss on financial instruments at fair value through profit or loss	(1,18,474.52)	(69,121.94)	(13,217.24)
<b>Cash generated from operation before working capital changes</b>	<b>(77,593.42)</b>	<b>(46,811.80)</b>	<b>(24,369.41)</b>
<b>Changes in operating assets and liabilities</b>			
(Increase)/ decrease in other receivables	13,462.95	(12,029.79)	(1,437.88)
(Increase)/ decrease in loans	20,191.00	503.00	(20,654.10)
(Increase)/ decrease in other financial assets	815.06	(2,425.45)	4,531.67
(Increase)/ decrease in other non financial assets	(7.82)	7.67	1.78
Increase/(decrease) in other financial liabilities	(6,879.03)	3,180.35	1,522.56
Increase/ (decrease) in other non financial liabilities	(2,396.20)	1,827.25	533.73
<b>Cash generated from operations</b>	<b>(52,407.46)</b>	<b>(55,748.77)</b>	<b>(39,871.64)</b>
Tax expenses	(16,370.00)	(8,040.79)	(18.85)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(68,777.47)</b>	<b>(63,789.57)</b>	<b>(39,890.49)</b>
<b>Cash flow from investing activities</b>			
Interest on fixed deposits	16,521.46	10,228.11	701.46
(Purchase) / Sale of property, plant and equipment & intangible assets (net)	385.50	(78.06)	(134.23)
Investment in fixed deposits	(1,206.38)	(17.64)	(10,630.51)
(Purchase)/sale of investments measured at FVTPL (net)	51,740.95	38,849.69	54,029.72
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>67,441.53</b>	<b>48,982.11</b>	<b>43,966.45</b>
<b>Cash flow from financing activities</b>			
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,335.94)</b>	<b>(14,807.46)</b>	<b>4,075.96</b>
Cash and cash equivalents at the beginning of the year	1,618.02	16,425.48	12,349.53
<b>Cash and cash equivalents at the end of the year</b>	<b>282.08</b>	<b>1,618.02</b>	<b>16,425.48</b>

**Notes:**

1. The above Cash flow statement has been prepared under the indirect method as set out in the IndAS 7 - "Statement of Cash Flows" as notified under Companies (Accounts) Rules, 2015.

2. Cash and cash equivalents as at the Balance Sheet date consists of:

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Cash on hand	20.19	65.62	37.42
Balances with banks :			
- in current accounts	261.89	1,552.40	16,388.06
<b>TOTAL</b>	<b>282.08</b>	<b>1,618.02</b>	<b>16,425.48</b>

The accompanying notes are integral part of the restated financial information

As per our report of even date

**For ARSK & Associates**

Chartered Accountants

Firm's Registration No: 315082E

**CA. Ravindra Khandelwal**

Partner

Membership No: 054615

Date: 31/01/2023

Place: Kolkata

**For and on behalf of the board of Directors**
**Madhusudan Murlidhar Kela**

Managing Director

DIN: 05109767

**Swati Mukesh Dujari**

Director

DIN: 05349218

**Sanket Dilip Rathi**

Company Secretary

**Rashmee Purushottam Mehta**

Chief Financial Officer

Amounts are in Rs.thousands, unless otherwise stated

## A. Equity Share Capital

As at 31.03.2022			
Particulars	Balance as at April 1, 2021	Issued during the year	Balance as at March 31, 2022
Equity Share of ₹ 10/- each issued, subscribed and fully paid	34,164.00	-	34,164.00
As at 31.03.2021			
Particulars	Balance as at April 1, 2020	Issued during the year	Balance as at March 31, 2021
Equity Share of ₹ 10/- each issued, subscribed and fully paid	34,164.00	-	34,164.00
As at 31.03.2020			
Particulars	Balance as at April 1, 2019	Issued during the year	Balance as at March 31, 2020
Equity Share of ₹ 10/- each issued, subscribed and fully paid	34,164.00	-	34,164.00

## B. Other Equity

Particulars	Reserves & Surplus			Items of Other comprehensive Income		Total
	Retained Earnings	Capital Reserve	Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	Re-measurement of defined benefit plans	Equity instruments at OCI	
As at 01.04.2019	43,993.49	168.00	20,514.52	11.70	-	64,687.70
Total comprehensive income for the year	(11,584.07)	-	-	293.70	-	(11,290.37)
Adjustment due to actuarial gain on remeasurement of defined benefit obligation	-	-	-	1,421.52	-	1,421.52
<b>As at 31.03.2020</b>	<b>32,409.42</b>	<b>168.00</b>	<b>20,514.52</b>	<b>1,726.91</b>	<b>-</b>	<b>54,818.85</b>
As at 01.04.2020	32,409.42	168.00	20,514.52	1,726.91	-	54,818.85
Total comprehensive income for the year	22,634.52	-	-	(1,800.88)	-	20,833.65
Transfer from retained earning to special reserves	(5,283.99)	-	5,283.99	-	-	-
<b>As at 31.03.2021</b>	<b>49,759.96</b>	<b>168.00</b>	<b>25,798.50</b>	<b>(73.97)</b>	<b>-</b>	<b>75,652.50</b>

Amounts are in Rs.thousands, unless otherwise stated

## Other Equity (Continued)

Particulars	Reserves & Surplus			Items of Other comprehensive Income		Total
	Retained Earnings	Capital Reserve	Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	Re-Measurement of Defined benefit plan	Equity instruments at OCI	
As at 01.04.2021	49,759.96	168.00	25,798.50	(73.97)	-	75,652.50
Total comprehensive income for the year	46,951.11	-	-	(1,910.57)	-	45,040.54
Transfer from retained earning to special reserves	(8,876.66)	-	8,876.66	-	-	-
<b>As at 31.03.2022</b>	<b>87,834.40</b>	<b>168.00</b>	<b>34,675.17</b>	<b>(1,984.53)</b>	<b>-</b>	<b>1,20,693.03</b>

The accompanying notes are integral part of the restated financial information  
As per our report of even date

**For ARSK & Associates**

Chartered Accountants

Firm's Registration No: 315082E

**CA. Ravindra Khandelwal**

Partner

Membership No: 054615

Date: 31/01/2023

Place: Kolkata

**For and on behalf of the board of Directors****Madhusudan Murlidhar Kela**

Managing Director

DIN: 05109767

**Swati Mukesh Dujari**

Director

DIN: 05349218

**Sanket Dilip Rathi**

Company Secretary

**Rashmee Purushottam Mehta**

Chief Financial Officer



**Summary of significant accounting policies and other explanatory information**

**1 Corporate Information**

MKVENTURES CAPITAL LIMITED (Formerly known as IKAB SECURITIES AND INVESTMENT LIMITED) ('the Company') is a public limited company incorporated under the erstwhile Companies Act, 1956 on 17th January, 1991. The Company is registered with Registrar of Companies, Mumbai, Maharashtra vide registration no. 059848 having its registered office address at 11th Floor Express Towers Nariman Point Mumbai - 400021.

MKVENTURES CAPITAL LIMITED (Formerly known as IKAB SECURITIES AND INVESTMENT LIMITED) is a non deposit taking NBFC, engaged in NBFI business.

**2 Basis of preparation**

**2.1 Statement of compliance**

The Restated Statement of Assets and Liabilities of the Company as at March 31, 2022, March 31, 2021 and March 31, 2020 and the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity and the Restated Statement of Cash flows for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 and the Summary of Significant Accounting Policies and other explanatory information (together referred to as 'Restated Financial Information') have been prepared specifically for inclusion in the draft letter of offer and final letter of offer to be filed by Company with Registrar of Companies, Mumbai ("ROC Mumbai") and BSE Limited in connection with the proposed Right issue of equity shares of face value of Rs. 10/- each of the Company (the "Proposed Right Issue").

These Restated Financial Information have been approved by the Board of Directors on 31st of January, 2023 and is prepared by the management of the Company to comply in all material respects with the requirements of

- (i) Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");
- (ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI'), as amended ("ICDR Regulations"); and
- (iii) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

The Restated financial information have been compiled from the

- (i) Audited financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind AS"), which have been approved by the Board of Directors at their meetings held on 27.05.2022, 23.06.2021 and 31.07.2020 respectively.

- (ii) The underlying financial statements for each of the years as at March 31, 2022, March 31, 2021 and March 31, 2020 mentioned above, are collectively referred as Historical Audited Financial Statements. The Restated financial information have been prepared under the historical cost basis, except for certain financial assets and liabilities which are required to be measured at fair value.

**2.2 Presentation of Restated Financial Information**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016. The Master Direction – Non-Banking Financial Company – Non-Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI.

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of Information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

During the financial year 2021-2022, there has been a change in the management of the company. The new management has undertaken few structural changes in the working of the company including selling of the fixed assets, which were obsolete or of no use to the company's future plans. The management has taken effective steps to roll out the modified business plan for the company, which shall be evident during the next financial year. Pending such roll out, the fund of the company has been temporarily parked in liquid investments. The company continues to be a going concern in accordance with the definition contained in the applicable Accounting Standards and the financial statements under review have been prepared on a going concern basis.

**Summary of significant accounting policies and other explanatory information**

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III to the Companies Act, 2013 as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:-

- > The normal course of business
- > The event of default
- > The event of insolvency or bankruptcy of the company and / or its counterparties.

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

**2.3 Functional and presentation currency**

These Restated Financial Information are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest thousands (two decimals), unless otherwise indicated.

**2.4 Basis of measurement**

The Restated Financial Information have been prepared on the historical cost basis except for the following items:

Items	Meaurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**2.5 Use of estimates and judgements**

The preparation of the Restated Financial Information 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 Restated Financial Information and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Restated Financial Information in the period in which changes are made and, if material, their effects are disclosed in the notes to the Restated Financial Information.

**i) Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Summary of significant accounting policies and other explanatory information**

**ii) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

**2.6 Use of estimates and judgements**

**(i) Impairment of financial assets**

The Company applies 'Simplified Approach' for measurement and recognition of impairment loss on the following financial assets and credit exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g. loans, deposits and bank balance
- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months. In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

**(ii) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the Restated Financial Information are prudent and reasonable.

**Summary of significant accounting policies and other explanatory information**

**3 Significant accounting policies**

**3.1 Revenue Recognition**

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

**Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from Operations" in the statement of profit and loss.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

**Dividend Income**

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**Net gain on fair value changes**

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss.

**Others:**

All other revenues are accounted on accrual basis.

**3.2 Financial Instruments**

A financial instrument is any contract that gives rise to financial asset of one entity and financial liability or equity instrument of another entity.

**A. Financial Assets**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

**(i) Initial recognition and measurement**

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

**(ii) Subsequent measurement and classification**

For the purpose of subsequent measurement, the financial assets are classified into three categories:

- Financial assets at amortised cost
- Financial assets at fair value through Other Comprehensive Income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL) on the basis of its business model for managing the financial assets.

**Summary of significant accounting policies and other explanatory information**

Financial assets at amortised cost (AC):

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold assets for collecting contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial asset at Fair Value through other comprehensive income (FVTOCI):

A financial asset is measured at fair value through other comprehensive income (FVTOCI) 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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'Revenue from operations' in the Statement of Profit and Loss.

Financial asset at Fair Value through profit or loss (FVTPL)

A financial asset which are not classified in any of the above categories are measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'Revenue from operations' in the Statement of Profit and Loss.

Financial assets as Equity Investments

All equity instruments other than investment in subsidiaries and associate are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'Revenue from operations' in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Summary of significant accounting policies and other explanatory information**

**B. Financial Liabilities**

**(i) Initial recognition and measurement**

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**(ii) Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

**(iii) Loans and Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

**(iv) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**(v) Off setting 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 or to realize the assets and settle the liabilities simultaneously.

**3.3 Fair Value Measurement**

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**3.4 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**Summary of significant accounting policies and other explanatory information**

**3.5 Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank 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. For the purpose of the statement of cash flow, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**3.6 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 will be required to settle the obligation and a reliable estimate can be made. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

**3.7 Property, Plant & Equipment**

Property, Plant & Equipment's are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss if any. The cost of property, plant & equipment's comprises its purchase price, borrowing cost and any other cost directly attributable to bringing the asset to its working condition for its intended use. Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Depreciable amount for property, plant and equipment is the cost of property, plant and equipment less its estimated residual value.

Depreciation is provided on Straight Line Method over the estimated useful lives of the property, plant and equipment, except Leasehold Improvements, prescribed under Schedule II to the Companies Act, 2013 on pro rata basis. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on internal technical evaluation.

The estimated useful lives, residual values and depreciation methods are reviewed by the management at each reporting date and adjusted if appropriate.

Property, plant and equipment are derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised in the Statement of Profit and Loss in the year of occurrence.

**3.8 Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

If the recoverable amount of asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expenses in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of an asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

**Summary of significant accounting policies and other explanatory information**

**3.9 Taxation**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and recognized the tax provision for the year ended 31st March, 2022 on the basis of rates prescribed in that section.

Deferred tax is provided using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**3.10 Intangible Assets**

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible Assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible is recognised in the statement of profit and loss account.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**3.11 Borrowing Costs**

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset are capitalized upto the time all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready to its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.



Summary of significant accounting policies and other explanatory information

**3.12 Employee benefits**

**Short – term employee**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives etc. are recognised at actual amounts due in the period in which the employee renders the related service. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

**Post Employment**

Defined Benefit Plan : The cost of providing benefit like gratuity is determined using the actuarial valuation using the projected unit credit method carried out as at the balance sheet date. Actuarial gain or loss are recognised immediately in the Profit or Loss Account or Other comprehensive income.

All expenses represented by current service cost, past service cost, if any, and net interest expense / (income) on the net defined benefit liability / (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognised immediately in Other Comprehensive Income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Other long term employment benefits**

Compensated absences : Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date as determined by an independent actuary based on projected unit credit method. The discount rates used for determining the present value of the obligation under other long term employment benefits plan, are based on the market yields on Government securities as at the balance sheet date.

Amounts are in Rs.thousands, unless otherwise stated

**4 Cash and cash equivalents**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Cash on hand	20.19	65.62	37.42
Balances with banks :			
- in current accounts	261.89	1,552.40	16,388.06
<b>Total</b>	<b>282.08</b>	<b>1,618.02</b>	<b>16,425.48</b>

**5 Bank balance other than Cash and cash equivalents**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Fixed deposit with bank outstanding for more than 3 months	11,854.53	10,648.15	10,630.51
<b>Total</b>	<b>11,854.53</b>	<b>10,648.15</b>	<b>10,630.51</b>

**Note :**

(i) Fixed deposits with bank have original maturity of 36 months.

(ii) Fixed deposits includes deposit in lien with Securities Exchange Board of India (SEBI) in F.Y. 2019-20 and 2020-21.

**6 Receivables**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
<b>Trade Receivables</b>			
- Secured, Considered good	-	-	-
- Unsecured, Considered good	-	-	-
<b>Other Receivables</b>			
- Advances	103.10	13,566.04	1,536.26
<b>Total</b>	<b>103.10</b>	<b>13,566.04</b>	<b>1,536.26</b>

**Note :**

i. Impairment allowance recognised on trade and other receivables is ₹ Nil (F.Y. 2020-21: ₹ Nil and F.Y. 2019-20: ₹ Nil).

ii. No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing.

**MKVENTURES CAPITAL LIMITED (FORMERLY KNOWN AS "IKAB SECURITIES AND INVESTMENT LIMITED")**
**CIN: L17100MH1991PLC059848**
**Summary of significant accounting policies and other explanatory information**
**Amounts are in Rs.thousands, unless otherwise stated**
**7 Loans**

Particulars	As at 31st March 2022			As at 31st March 2021			As at 31st March 2020		
	At amortised cost	At fair value through Profit & loss	Total	At amortised cost	At fair value through Profit & loss	Total	At amortised cost	At fair value through Profit & loss	Total
<b>Unsecured (considered doubtful)</b>									
Loans repayable on demand	-	-	-	20,000.00	-	20,000.00	20,000.00	-	20,000.00
Interest receivable	-	-	-	-	-	-	654.10	-	654.10
	-	-	-	20,000.00	-	20,000.00	20,654.10	-	20,654.10
Less: Allowance for expected credit loss	-	-	-	(4,000.00)	-	(4,000.00)	(4,130.82)	-	(4,130.82)
	-	-	-	16,000.00	-	16,000.00	16,523.28	-	16,523.28
<b>Unsecured (considered good)</b>									
<b>Other loans</b>									
Loans and advances to employees	-	-	-	151.10	-	151.10	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,151.10</b>	<b>-</b>	<b>16,151.10</b>	<b>16,523.28</b>	<b>-</b>	<b>16,523.28</b>

**A. Break-up of loans under**

	As at 31st March 2022			As at 31st March 2021			As at 31st March 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Unsecured</b>									
Gross Carrying amount	-	-	-	151.10	20,000.00	-	-	20,654.10	-
Less: Allowance for expected credit loss	-	-	-	-	(4,000.00)	-	-	(4,130.82)	-
Net Carrying amount	-	-	-	151.10	16,000.00	-	-	16,523.28	-

**B. Out of the above**

	As at 31st March 2022			As at 31st March 2021			As at 31st March 2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
a. Loans in India									
- Public Sector	-	-	-	-	-	-	-	-	-
- Others	-	-	-	151.10	20,000.00	-	-	20,654.10	-
<b>Gross Total</b>	-	-	-	151.10	20,000.00	-	-	20,654.10	-
Less: Impairment Loss	-	-	-	-	(4,000.00)	-	-	(4,130.82)	-
<b>Net Total (I)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151.10</b>	<b>16,000.00</b>	<b>-</b>	<b>-</b>	<b>16,523.28</b>	<b>-</b>
b. Loans outside India									
<b>Net Total (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I + II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151.10</b>	<b>16,000.00</b>	<b>-</b>	<b>-</b>	<b>16,523.28</b>	<b>-</b>

## 8 Investments

Amounts are in Rs. thousands, unless otherwise stated

Particulars	As at March 31, 2022						As at March 31, 2021						As at March 31, 2020					
	Amortised cost	At Fair Value				Total	Amortised cost	At Fair Value				Total	Amortised cost	At Fair Value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub- total			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub- total			Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub- total	
Mutual Funds	-	-	1,35,234.59	-	1,35,234.59	1,35,234.59	-	-	46,032.96	-	46,032.96	46,032.96	-	-	17,739.32	-	17,739.32	17,739.32
<b>Equity Instruments:</b>																		
Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	22,468.05	-	22,468.05	22,468.05	-	-	20,489.44	-	20,489.44	20,489.44
<b>Total - Gross (A)</b>	-	-	<b>1,35,234.59</b>	-	<b>1,35,234.59</b>	<b>1,35,234.59</b>	-	-	<b>68,501.02</b>	-	<b>68,501.02</b>	<b>68,501.02</b>	-	-	<b>38,228.77</b>	-	<b>38,228.77</b>	<b>38,228.77</b>
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	-	-	1,35,234.59	-	1,35,234.59	1,35,234.59	-	-	68,501.02	-	68,501.02	68,501.02	-	-	38,228.77	-	38,228.77	38,228.77
<b>Total (B)</b>	-	-	<b>1,35,234.59</b>	-	<b>1,35,234.59</b>	<b>1,35,234.59</b>	-	-	<b>68,501.02</b>	-	<b>68,501.02</b>	<b>68,501.02</b>	-	-	<b>38,228.77</b>	-	<b>38,228.77</b>	<b>38,228.77</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Total: D = (A)-(C)</b>	-	-	<b>1,35,234.59</b>	-	<b>1,35,234.59</b>	<b>1,35,234.59</b>	-	-	<b>68,501.02</b>	-	<b>68,501.02</b>	<b>68,501.02</b>	-	-	<b>38,228.77</b>	-	<b>38,228.77</b>	<b>38,228.77</b>
Refer Note 8.1 for details																		

## 8.1 Investments

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
<b>Trade Investment</b>			
Investment carried at fair value through profit & loss:			
<b>Investment in Equity shares (Quoted)</b>			
Dishman Carbogen Amcis Limited (FV: Rs.2/-)	-	543.25	-
Eih Associated Hotel Limited (FV: Rs.10/-)	-	928.20	-
Indiabulls Housing Finance Limited (FV: Rs.2/-)	-	1,373.05	-
Indian Railway Finance Corporation Limited (FV: Rs.10/-)	-	4,590.00	-
Mazagon Dock Shipbuilders Limited (FV: Rs.10/-)	-	542.99	-
Mazda Limited (FV: Rs.10/-)	-	45.35	-
Nazara Technologies Limited (FV: Rs.4/-)	-	4,980.83	-
SBI Cards & Payment Services Limited (FV: Rs.10/-)	-	9,410.50	17,325.09
Schaeffler India Limited (FV: Rs.2/-)	-	53.88	-
Vadilal Industries Limited (FV: Rs.10/-)	-	-	3,164.35
<b>(A)</b>	-	22,468.05	20,489.44
<b>Investment in Mutual Funds</b>			
Aditya Birla Sunlife Liquid Fund - Direct Plan (Growth Option)	10,218.37	-	-
Aditya Birla Sun Life Savings Fund - Direct Plan (Growth Option)	-	4,828.62	-
HDFC Overnight fund - Direct Plan (Growth Option)	1,25,016.22	41,204.34	17,739.32
<b>(B)</b>	1,35,234.59	46,032.96	17,739.32
<b>Total (A + B)</b>	<b>1,35,234.59</b>	<b>68,501.02</b>	<b>38,228.77</b>
Aggregate value of quoted investments	1,35,234.59	68,501.02	38,228.77
Aggregate value of unquoted investments	-	-	-
Aggregate market value of quoted investments	1,35,234.59	68,501.02	38,228.77

8.2 During the current or previous reporting periods the company has not reclassified any investments since its initial classification.

8.3 Impairment allowance recognised on investments in current financial year is Nil/- (F.Y. 2020-21: ₹ Nil and F.Y. 2019-20: ₹ Nil).

8.4 All Investments made are within India.

## 9 Other financial assets

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Security deposits (unsecured)	3,629.99	3,629.99	1,629.99
Interest accrued on deposits with bank	388.64	1,203.69	778.24
<b>Total</b>	<b>4,018.62</b>	<b>4,833.68</b>	<b>2,408.22</b>

**Note :**

i. Impairment allowance recognised on other financial assets in current financial year is ₹ Nil (F.Y. 2020-21: ₹ Nil and F.Y. 2019-20: ₹ Nil).

## 10 Current tax assets (net)

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Advance tax and TDS (net of provisions)	3,497.94	1,877.94	111.11
<b>Total</b>	<b>3,497.94</b>	<b>1,877.94</b>	<b>111.11</b>

## 11 Deferred tax assets / (liabilities) (net)

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Deferred Tax Assets	78.12	291.12	3,829.16
Deferred Tax Liabilities	-	-	-
	<b>78.12</b>	<b>291.12</b>	<b>3,829.16</b>

## 11.1 The following is the analysis of Deferred Tax Liabilities /Assets presented in the Balance Sheet as at 31st March 2022:

Particulars	As at 1st April, 2021	(Charge)/ Credit in Profit and Loss	(Charge)/Credit in other Comprehensive	As at 31st March, 2022
<b>Deferred Tax Liabilities</b>				
Difference in carrying value and tax base of financial	-	-	-	-
<b>Total Deferred Tax Liabilities</b>	-	-	-	-
<b>Deferred Tax Assets</b>				
Carry Forward Business Loss	-	198.60	-	198.60
Difference in carrying value and tax base of financial	(522.17)	389.04	-	(133.13)
Timing Difference between Written Down Value of Property, Plant & Equipment as per books of accounts and Income Tax Act, 1961	160.07	(160.07)	-	-
Others	653.22	-	(640.57)	12.65
<b>Total Deferred Tax Assets</b>	<b>291.12</b>	<b>427.57</b>	<b>(640.57)</b>	<b>78.12</b>
<b>Deferred Tax Assets (Net)</b>	<b>291.12</b>	<b>427.57</b>	<b>(640.57)</b>	<b>78.12</b>

## The following is the analysis of Deferred Tax Liabilities /Assets presented in the Balance Sheet as at 31st March 2021:-

Particulars	As at 1st April, 2020	(Charge)/ Credit in Profit and Loss	(Charge)/Credit in other Comprehensive	As at 31st March, 2021
<b>Deferred Tax Liabilities</b>				
Difference in carrying value and tax base of financial	-	-	-	-
<b>Total Deferred Tax Liabilities</b>	-	-	-	-
<b>Deferred Tax Assets</b>				
Carry Forward Business Loss	2,169.88	(2,169.88)	-	-
Difference in carrying value and tax base of financial	973.64	(1,495.81)	-	(522.17)
Timing Difference between Written Down Value of Fixed Assets as per books of accounts and Income Tax Act, 1961	196.41	(36.34)	-	160.07
Others	489.23	-	163.99	653.22
<b>Total Deferred Tax Assets</b>	<b>3,829.16</b>	<b>(3,702.03)</b>	<b>163.99</b>	<b>291.12</b>
<b>Deferred Tax Assets (Net)</b>	<b>3,829.16</b>	<b>(3,702.03)</b>	<b>163.99</b>	<b>291.12</b>

The following is the analysis of Deferred Tax Liabilities /Assets presented in the Balance Sheet as at 31st March 2020:-

Particulars	As at 1st April, 2019	(Charge)/ Credit in Profit and Loss	(Charge)/Credit in other Comprehensive	As at 31st March, 2020
<b>Deferred Tax Liabilities</b>				
Difference in carrying value and tax base of financial	-	-	-	-
<b>Total Deferred Tax Liabilities</b>	-	-	-	-
<b>Deferred Tax Assets</b>				
Carry Forward Business Loss	-	2,169.88		2,169.88
Difference in carrying value and tax base of financial instruments	-	973.64		973.64
Timing Difference between Written Down Value of Fixed Assets as per books of accounts and Income Tax Act, 1961	202.13	(5.72)		196.41
Others	67.95	-	421.29	489.23
<b>Total Deferred Tax Assets</b>	<b>270.08</b>	<b>3,137.80</b>	<b>421.29</b>	<b>3,829.16</b>
<b>Deferred Tax Assets (Net)</b>	<b>270.08</b>	<b>3,137.80</b>	<b>421.29</b>	<b>3,829.16</b>

## 12 Property, plant and equipment

Particulars	Computers	Furniture &	Office	Motor Car	Total
<b>Cost</b>					
At 1st April, 2019	890.63	1,389.78	369.83	3,059.19	5,709.43
Additions	-	-	64.90	-	64.90
Disposals	-	-	-	-	-
<b>At 31st March 2020</b>	<b>890.63</b>	<b>1,389.78</b>	<b>434.73</b>	<b>3,059.19</b>	<b>5,774.33</b>
Additions	-	-	78.06	-	78.06
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>890.63</b>	<b>1,389.78</b>	<b>512.79</b>	<b>3,059.19</b>	<b>5,852.38</b>
Additions	-	70.50	-	-	70.50
Disposals	890.63	1,460.28	512.79	3,059.19	5,922.88
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>					
At 1st April, 2019	840.71	1,253.59	258.83	2,906.23	5,259.37
Charge for the year	3.83	65.19	27.95	-	96.97
Disposals	-	-	-	-	-
<b>At 31st March 2020</b>	<b>844.55</b>	<b>1,318.78</b>	<b>286.78</b>	<b>2,906.23</b>	<b>5,356.34</b>
Charge for the year	1.55	1.51	42.38	-	45.44
Disposals	-	-	-	-	-
<b>At 31 March 2021</b>	<b>846.10</b>	<b>1,320.29</b>	<b>329.16</b>	<b>2,906.23</b>	<b>5,401.78</b>
Charge for the year	-	2.44	47.48	-	49.92
Disposals	846.10	1,322.73	376.64	2,906.23	5,451.70
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net block</b>					
At 31st March 2020	46.08	71.00	147.95	152.96	417.99
At 31st March 2021	44.53	69.49	183.63	152.96	450.61
At 31st March 2022	-	-	-	-	-

**Notes:**

During the year ended 31st March 2022, 31st March 2021 and 31st March 2020, there is no impairment loss determined at each level of CGU. The recoverable amount was based on value in use and was determined at the level of CGU.



Amounts are in Rs. thousands, unless otherwise stated

**13 Intangible assets**

Particulars	Software	Total
<b>Cost</b>		
At 1st April, 2019	893.60	893.60
Additions	69.33	69.33
Disposals	-	-
<b>At 31st March, 2020</b>	<b>962.93</b>	<b>962.93</b>
Additions	-	-
Disposals	-	-
<b>At 31 March 2021</b>	<b>962.93</b>	<b>962.93</b>
Additions	-	-
Disposals	962.93	962.93
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>		
At 1st April, 2019	842.55	842.55
Charge for the year	3.45	3.45
Disposals	-	-
<b>At 31st March, 2020</b>	<b>846.00</b>	<b>846.00</b>
Charge for the year	13.11	13.11
Disposals	-	-
<b>At 31 March 2021</b>	<b>859.11</b>	<b>859.11</b>
Charge for the year	12.04	12.04
Disposals	871.15	871.15
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>
<b>Net block</b>		
At 31st March 2020	116.93	116.93
At 31st March 2021	103.82	103.82
At 31st March 2022	-	-

**14 Other non-financial assets**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Prepaid expenses	12.47	4.65	12.32
<b>Total</b>	<b>12.47</b>	<b>4.65</b>	<b>12.32</b>

Amounts are in Rs. thousands, unless otherwise stated

**15 Trade payables**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Due to micro and small enterprises			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
	-	-	-
Due to others	160.80	3,307.70	214.73
	160.80	3,307.70	214.73
<b>Total</b>	<b>160.80</b>	<b>3,307.70</b>	<b>214.73</b>

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of data collected by the Management. This has been relied upon by the auditors. The disclosure relating to Micro and Small Enterprises is as under:

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
(i) Principal amount remaining unpaid	-	-	-
(ii) Interest due thereon remaining unpaid	-	-	-
(iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006') along with the amount of payment made to the supplier beyond the appointed day during the period.	-	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
(v) Interest accrued and remaining unpaid	-	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**16 Provisions**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Provision for gratuity	50.27	2,512.40	460.15
<b>Total</b>	<b>50.27</b>	<b>2,512.40</b>	<b>460.15</b>

**17 Other non-financial liabilities**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Statutory dues	13.35	2,409.55	582.30
<b>Total</b>	<b>13.35</b>	<b>2,409.55</b>	<b>582.30</b>

Amounts are in Rs. thousands, unless otherwise stated

**18 Equity Share Capital**

Particulars	As at 31st March 2022		As at 31st March 2021		As at 31st March 2020	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Authorised share capital</b>						
Equity shares of Rs 10/- each	50,00,000	50,000.00	50,00,000	50,000.00	50,00,000	50,000.00
<b>Issued, Subscribed &amp; Paid-up</b>						
Equity Shares of Rs 10/- each fully paid up	34,16,400	34,164.00	34,16,400	34,164.00	34,16,400	34,164.00
		<b>34,164.00</b>		<b>34,164.00</b>		<b>34,164.00</b>

**18.1 Terms/rights attached to equity shares of Rs 10/- each fully paid up**

The Company has one class of equity shares having par value of Rs.10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll are in proportion to his share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion of the shares held by each shareholder.

**18.2 The reconciliation of the number of equity shares outstanding is set out below:**

Equity Shares	As at 31st March 2022		As at 31st March 2021		As at 31st March 2020	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the commencement of the year	34,16,400	34,164.00	34,16,400	34,164.00	34,16,400	34,164.00
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	<b>34,16,400</b>	<b>34,164.00</b>	<b>34,16,400</b>	<b>34,164.00</b>	<b>34,16,400</b>	<b>34,164.00</b>

**18.3 Details of shareholders holding more than 5% Shares in the Company:**

Name of shareholder	As at 31st March 2022		As at 31st March 2021		As at 31st March 2020	
	No. of shares	% of	No. of shares	% of Holding	No. of	% of Holding
Equity shares of Rs 10 each, fully paid-up						
Indra Kumar Bagri	-	0.00%	10,91,178	31.94%	10,91,178	31.94%
Anil Kumar Bagri	-	0.00%	7,26,790	21.27%	7,26,790	21.27%
Abhishek Bagri	-	0.00%	2,24,595	6.57%	2,24,595	6.57%
Amit Kumar Bagri	-	0.00%	1,85,000	5.42%	1,85,000	5.42%
Madhusudan Murlidhar Kela	28,58,027	83.66%	-	0.00%	-	0.00%

**18.4 Details of promoter shareholders holding Shares in the Company:**

Disclosure of equity shareholding of promoters as at March 31, 2022 is as follows:

Name of shareholder	As at 31st March 2022		As at 31st March 2021		Change during the year
	No. of	% of Holding	No. of shares	% of Holding	
Equity shares of Rs 10 each, fully paid-up are held by					
Indra Kumar Bagri	-	0.0%	10,91,178	31.9%	-31.9%
Anil Kumar Bagri	-	0.0%	7,50,246	22.0%	-22.0%
Archana Bagri	-	0.0%	35,200	1.0%	-1.0%
Savitridevi Mangalchand Jajoo	-	0.0%	20,000	0.6%	-0.6%
Oasis Securities Limited	-	0.0%	1,00,000	2.9%	-2.9%
Linkers Enclave Private Limited	-	0.0%	25,000	0.7%	-0.7%
Tuscon Towers Private Limited	-	0.0%	25,000	0.7%	-0.7%
Madhusudan Murlidhar Kela	28,58,027	83.7%	-	0.0%	83.7%

Amounts are in Rs. thousands, unless otherwise stated

## Disclosure of equity shareholding of promoters as at March 31, 2021 is as follows:

Disclosure of equity shareholding of promoters as at March 31, 2021 is as follows:					
Name of shareholder	As at 31st March 2021		As at 31st March 2020		Change during the year
	No. of	% of Holding	No. of shares	% of Holding	
Equity shares of Rs 10 each, fully paid-up are held by					
Indra Kumar Bagri	10,91,178	31.94%	10,91,178	31.94%	0.00%
Anil Kumar Bagri	7,50,246	21.96%	7,50,246	21.96%	0.00%
Archana Bagri	35,200	1.03%	35,200	1.03%	0.00%
Savitridevi Mangalchand Jajoo	20,000	0.59%	20,000	0.59%	0.00%
Oasis Securities Limited	1,00,000	2.93%	1,00,000	2.93%	0.00%
Linkers Enclave Private Limited	25,000	0.73%	25,000	0.73%	0.00%
Tuscon Towers Private Limited	25,000	0.73%	25,000	0.73%	0.00%

## Disclosure of equity shareholding of promoters as at March 31, 2020 is as follows:

Name of shareholder	As at 31st March 2020		As at 31st March 2019		Change during the year
	No. of shares	% of Holding	No. of shares	% of Holding	
Equity shares of Rs 10 each, fully paid-up are held by					
Indra Kumar Bagri	10,91,178	31.94%	10,91,178	31.94%	0.00%
Anil Kumar Bagri	7,50,246	21.96%	7,50,246	21.96%	0.00%
Archana Bagri	35,200	1.03%	35,200	1.03%	0.00%
Savitridevi Mangalchand Jajoo	20,000	0.59%	20,000	0.59%	0.00%
Oasis Securities Limited	1,00,000	2.93%	1,00,000	2.93%	0.00%
Linkers Enclave Private Limited	25,000	0.73%	25,000	0.73%	0.00%
Tuscon Towers Private Limited	25,000	0.73%	25,000	0.73%	0.00%

Amounts are in Rs. thousands, unless otherwise stated

## 19 Other Equity

Particulars	As at 31st March	As at 31st March	As at 31st March
<b>A. Reserves &amp; Surplus</b>			
<b>(i) Retained Earnings</b>			
At the commencement of the year	49,759.96	32,409.42	43,993.49
Profit / (Loss) for the year	46,951.11	22,634.52	(11,584.07)
Transfer to Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	(8,876.66)	(5,283.99)	-
Closing balance	<b>87,834.40</b>	<b>49,759.96</b>	<b>32,409.42</b>
<b>(ii) Capital Reserve</b>			
At the commencement of the year	168.00	168.00	168.00
Closing balance	<b>168.00</b>	<b>168.00</b>	<b>168.00</b>
<b>(iii) Statutory Reserve under Section 45-IC of the Reserve Bank of India Act, 1934</b>			
At the commencement of the year	25,798.50	20,514.52	20,514.52
Transfer from retained earnings	8,876.66	5,283.99	-
Closing balance	<b>34,675.17</b>	<b>25,798.50</b>	<b>20,514.52</b>
<b>B. Items of other comprehensive income</b>			
<b>(i) Re-measurement of defined benefit plans</b>			
At the commencement of the year	(73.97)	1,726.91	11.70
Adjustment due to actuarial gain on remeasurement of defined benefit obligation	-	-	1,421.52
Other comprehensive income for the year	(1,910.57)	(1,800.88)	293.70
Closing balance	<b>(1,984.53)</b>	<b>(73.97)</b>	<b>1,726.91</b>
<b>Total</b>	<b>1,20,693.03</b>	<b>75,652.50</b>	<b>54,818.85</b>

**Nature & Purpose of reserves****a. Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)**

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. The Company is required to transfer a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss. The statutory reserve can be utilized for the purposes as may be specified by the Reserve Bank of India from time to time.

**b. Retained earnings**

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

**c. Capital reserve**

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

**d. Other comprehensive income**

Other comprehensive income represents re-measurement of the net defined benefit liabilities.

Amounts are in Rs. thousands, unless otherwise stated

**20 Interest Income**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
On financial assets measured at amortised cost:			
- on loans	2,186.67	2,995.07	1,774.16
- on deposits with bank	16,521.46	10,228.11	701.46
- on Staff loan	-	18.13	-
<b>Total</b>	<b>18,708.13</b>	<b>13,241.31</b>	<b>2,475.63</b>

**21 Dividend Income**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Dividend Income	0.43	698.58	69.09
<b>Total</b>	<b>0.43</b>	<b>698.58</b>	<b>69.09</b>

**22 Net gain on fair value changes**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Net gain/(loss) on financial instruments measured at fair value through profit and loss			
- On trading portfolio:			
Realised gain/(loss) on investments at FVTPL	1,17,660.93	65,794.38	19,468.08
Unrealised gain/(loss) on investments at FVTPL	535.69	3,327.56	(6,250.84)
- Derivatives	277.90	-	-
<b>Total</b>	<b>1,18,474.52</b>	<b>69,121.94</b>	<b>13,217.24</b>

**23 Other income**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Interest on income tax refund	-	6.97	-
Other miscellaneous income	8.64	0.03	0.19
<b>Total</b>	<b>8.64</b>	<b>7.00</b>	<b>0.19</b>

**24 Finance costs**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
On financial liabilities measured at amortised cost:			
- On Borrowings	67,206.45	42,917.29	20,529.86
<b>Total</b>	<b>67,206.45</b>	<b>42,917.29</b>	<b>20,529.86</b>

Amounts are in Rs. thousands, unless otherwise stated

**25 Impairment of financial instruments**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
On financial assets measured at amortised cost:			
- On loans	(4,039.90)	(130.82)	4,130.82
<b>Total</b>	<b>(4,039.90)</b>	<b>(130.82)</b>	<b>4,130.82</b>

**26 Employee benefits expense**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Salaries, wages and bonus	8,357.03	5,531.50	1,689.07
Contribution to provident and other funds	243.61	204.35	1,900.68
Staff welfare expenses	27.92	64.37	2.74
<b>Total</b>	<b>8,628.56</b>	<b>5,800.22</b>	<b>3,592.48</b>

**27 Depreciation and amortisation**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Depreciation on Property, plant & equipment	49.92	45.44	96.97
Amortisation of intangible assets	12.04	13.11	3.45
<b>Total</b>	<b>61.96</b>	<b>58.55</b>	<b>100.42</b>

**28 Other expenses**

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Advertisement expenses	134.78	140.40	124.49
Bank charges	0.53	5.45	3.66
Business development expenses	618.18	257.52	169.61
Communication costs	86.95	115.10	108.65
Director's sitting fees	108.00	66.00	63.00
Donations	1,041.00	5.00	21.00
Depository charges	23.44	33.60	34.56
Electricity expenses	51.49	54.29	63.27
Legal and professional fees	612.09	629.78	777.76
Loss on sale of property, plant & equipment	106.97	-	-
Membership & Subscription	57.52	43.47	41.26
Miscellaneous expenses	55.56	45.76	5.28
Payment to auditors' (refer note below)	60.00	60.00	60.00
Postage & courier	-	-	26.11
Printing and stationery	21.45	15.08	63.46
Rates & taxes	727.14	107.50	147.36
Repairs and maintenance	20.74	113.74	182.60
Travelling & conveyance	335.25	120.38	198.45
<b>Total</b>	<b>4,061.11</b>	<b>1,813.06</b>	<b>2,090.51</b>

**Note: Payments to auditor's**

Statutory audit	60.00	60.00	60.00
<b>Total</b>	<b>60.00</b>	<b>60.00</b>	<b>60.00</b>

Amounts are in Rs. thousands, unless otherwise stated

**29 Earnings per share**

<b>Particulars</b>	<b>For year ended 31st March 2022</b>	<b>For year ended 31st March 2021</b>	<b>For year ended 31st March 2020</b>
Profit / (Loss) after tax attributable to equity share holders	46,951.11	22,634.52	(11,584.07)
<b>Calculation of weighted average number of shares:</b>			
Number of equity shares at the beginning of the year	34,16,400	34,16,400	34,16,400
Equity shares bought back during the year	-	-	-
Number of equity shares outstanding at the end of the year	34,16,400	34,16,400	34,16,400
Weighted average number of equity shares	34,16,400	34,16,400	34,16,400
<b>Basic and diluted earning per share (in Rs.)</b>	<b>13.74</b>	<b>6.63</b>	<b>(3.39)</b>



**Amounts are in Rs. thousands, unless otherwise stated**

### **30 Employee benefits - post employment benefit plans**

#### **A. Defined contribution plans**

The Company makes provident fund and employee state insurance scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### **B. Defined benefit plans**

##### **Gratuity**

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

**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 then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and

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

**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 cash flows.

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**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 labour laws, 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.

##### **Funding**

The defined benefit plans are not funded.

Amounts are in Rs. thousands, unless otherwise stated

(a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	As at 31.03.2022		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>As at the beginning of the reporting year</b>	2,512.40	-	2,512.40
Current Service cost	55.62	-	55.62
Past service cost	12.74	-	12.74
Interest expense/(income)	174.86	-	174.86
<b>Total amount recognised in profit or loss</b>	<b>243.23</b>	-	<b>243.23</b>
<b>Remeasurements:</b>			
Return on plan assets (greater)/lesser than discount rate	-	-	-
Actuarial (gain)/loss from change in demographic assumptions	(0.09)	-	(0.09)
Actuarial (gain)/loss from change in financial assumptions	(4.07)	-	(4.07)
Actuarial (gain)/loss from unexpected experience	1,274.16	-	1,274.16
<b>Total amount recognised in other comprehensive income</b>	<b>1,270.00</b>	-	<b>1,270.00</b>
<b>Benefits paid</b>	(3,975.35)	-	(3,975.35)
<b>As at the end of reporting year</b>	<b>50.27</b>	-	<b>50.27</b>

Particulars	As at 31.03.2021		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>As at the beginning of the reporting year</b>	460.15	-	460.15
Current Service cost	55.99	-	55.99
Interest expense/(income)	31.38	-	31.38
<b>Total amount recognised in profit or loss</b>	<b>87.38</b>	-	<b>87.38</b>
<b>Remeasurements:</b>			
Return on plan assets (greater)/lesser than discount rate	-	-	-
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(11.04)	-	(11.04)
Actuarial (gain)/loss from unexpected experience	1,975.91	-	1,975.91
<b>Total amount recognised in other comprehensive income</b>	<b>1,964.87</b>	-	<b>1,964.87</b>
<b>Benefits paid</b>	-	-	-
<b>As at the end of reporting year</b>	<b>2,512.40</b>	-	<b>2,512.40</b>

Amounts are in Rs. thousands, unless otherwise stated

Particulars	As at 31.03.2020		
	Present value of obligation	Fair value of plan assets	Net Amount
<b>As at the beginning of the reporting year</b>	271.79	-	271.79
Current Service cost	39.64	-	39.64
Interest expense/(income)	21.15	-	21.15
<b>Total amount recognised in profit or loss</b>	<b>60.78</b>	<b>-</b>	<b>60.78</b>
<b>Remeasurements:</b>			
Return on plan assets (greater)/lesser than discount rate	-	-	-
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	63.04	-	63.04
Actuarial (gain)/loss from unexpected experience	64.55	-	64.55
<b>Total amount recognised in other comprehensive income</b>	<b>127.59</b>	<b>-</b>	<b>127.59</b>
<b>Benefits paid</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at the end of reporting year</b>	<b>460.15</b>	<b>-</b>	<b>460.15</b>

**(b) Significant estimates: actuarial assumptions**

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
Discount Rate (per annum)	7.38%	6.96%	6.82%
Salary escalation rate (per annum)	5.00%	5.00%	5.00%
Attrition Rates	2.00%	2.00%	2.00%
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ult
<b>Maturity profile of Benefit Payments</b>			
Year 1	1,251	20,14,410	12,930
Year 2	1,290	14,949	13,396
Year 3	1,615	16,730	13,894
Year 4	1,668	17,383	15,252
Year 5	1,723	18,085	15,848
Year 6 - 10	9,822	1,02,796	89,818
Year 11 & above	2,42,454	15,70,836	14,49,163

Amounts are in Rs. thousands, unless otherwise stated

**Sensitivity Analysis of Projected Benefit Obligation for Significant Assumptions**

Projected Benefit Obligation on Current Assumptions	50,268	25,12,396	4,60,154
<b>Discount rate</b>			
1% increase in Discount Rate	(8,157)	(70,528)	(65,403)
1% decrease in Discount Rate	10,438	86,223	80,553
<b>Salary Escalation Rate</b>			
1% increase in Salary Escalation Rate	10,592	87,087	81,245
1% decrease in Salary Escalation Rate	(8,391)	(72,339)	(66,997)
<b>Rate of Employee Turnover</b>			
1% increase in Rate of Employee Turnover	2,224	17,185	15,150
1% decrease in Rate of Employee Turnover	(2,733)	(19,901)	(17,652)

The sensitivity analysis have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting year, holding all other variables constant. The sensitivity analysis presented above may not be representative of the actual change in the Projected Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Projected Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(c) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:****(i) Discount rate risk:**

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

**(ii) Demographic risk:**

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

**(iii) Salary growth risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

## Summary of significant accounting policies and other explanatory information

Amounts are in Rs.thousands, unless otherwise stated

## 31 Income tax expenses

31.1	Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
	Total income tax expenses recognised in profit and loss account	14,322.43	9,976.00	(3,097.88)
	Total income tax expenses recognised in other comprehensive income	640.57	(163.99)	(421.29)
		<b>14,963.01</b>	<b>9,812.01</b>	<b>(3,519.17)</b>

## 31.2 Components of tax expense recognised in profit and loss account:

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
<b>Current tax</b>			
In respect of the current year	14,750.00	6,273.97	-
In respect of the earlier year	-	-	39.92
<b>Total current tax expense recognised in the current year</b>	<b>14,750.00</b>	<b>6,273.97</b>	<b>39.92</b>
<b>Deferred tax</b>			
In respect of the current year	(427.57)	3,702.03	(3,137.80)
<b>Total deferred tax expense recognised during the year</b>	<b>(427.57)</b>	<b>3,702.03</b>	<b>(3,137.80)</b>
<b>Total Tax expense recognised in profit and loss account</b>	<b>14,322.43</b>	<b>9,976.00</b>	<b>(3,097.88)</b>

## 31.3 Reconciliation of Income tax expense for the year with accounting profit is as follows:

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows:

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Profit before tax	61,273.54	32,610.53	(14,681.95)
Tax rate applicable (In percentage)	25.168%	26.00%	26.00%
Expected income tax expenses	15,421.32	8,478.74	-
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense</b>			
Items considered separately / expenses allowed	29,612.90	5,061.70	-
Notional income	134.82	(1,625.22)	-
Tax on income at different rates	18,355.11	3,037.02	-
Others (net)	(10,451.65)	(1,445.14)	-
<b>Income tax expense recognised in profit and loss</b>	<b>14,750.00</b>	<b>6,273.97</b>	<b>-</b>

The effective tax rate used for reconciliations above is 25.168% (Financial Year: 2020-21: 26% and 2019-20: 26%) as applicable for corporate entities on taxable profits under the Indian tax laws.

## 31.4 Components of deferred tax expense recognised in other comprehensive income:

Particulars	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
<b>Deferred tax</b>			
On items that will not be reclassified to profit or loss			
- Remeasurement gains/(losses) on defined benefit plans	640.57	(163.99)	(421.29)
<b>Total deferred tax expense recognised in other comprehensive income</b>	<b>640.57</b>	<b>(163.99)</b>	<b>(421.29)</b>

**32 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director (MD) to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The Chief Operating Decision Maker considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in NBFI business activities. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these Restated Financial Information relates to NBFI business activities.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

**33 Related party disclosures**

Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on Related Party Disclosures are as follows:

**(a) Name of the related parties and nature of relationship:****(i) Key managerial personnel:**

Madhusudan Murlidhar Kela	Managing Director (Appointed w.e.f 10th of March, 2022)
Swati Mukesh Dujari	Director
Sanket Dilip Rathi	Company Secretary (Appointed w.e.f 27th of May, 2022)
Sanjay Malpani	Director (Appointed w.e.f 27th of May, 2022)
Sumit Bhalotia	Director (Appointed w.e.f 27th of May, 2022)
Rashmee Purushottam Mehta	Chief Financial Officer (Appointed w.e.f 08th of Sept., 2022)
Indra Kumar Bagri	Director (Resigned w.e.f 10th of March, 2022)
Anil Kumar Bagri	Managing Director (Resigned w.e.f 10th of March, 2022)
Abhishek Bagri	Whole time Director (Resigned w.e.f 10th of March, 2022)
Prerit Damani	Director (Resigned w.e.f 10th of March, 2022)
Devang Dani	Chief Financial Officer (Resigned w.e.f 10th of March, 2022)
Ankita Phophaliya	Company Secretary (Resigned w.e.f 27th of May, 2022)
S S Mundra	Independent director (Resigned w.e.f. 14th of May, 2022)

**(ii) Relative of Director**

Library of Nuts	Relative of Director
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**(b) Significant transactions with related parties**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transaction	Name of the Parties	For year ended 31st March 2022	For year ended 31st March 2021	For year ended 31st March 2020
Board sitting fees	Indra Kumar Bagri	27.00	18.00	18.00
Board sitting fees	Prerit Damani	27.00	15.00	15.00
Board sitting fees	Anil Kumar Bagri	27.00	18.00	18.00
Board sitting fees	Swati Dujari	27.00	15.00	12.00
Profession tax	Swati Dujari	2.50	2.50	2.50
Profession tax	Prerit Damani	2.50	2.50	2.50
Purchase of material	Library of Nuts	64.30	82.96	-
Salary & allowance	Abhishek Bagri	6,075.47	650.00	780.00
Salary & allowance	Devang Dani	856.56	485.00	-
Salary & allowance	Ankita Phophaliya	189.63	120.00	-
Salary & allowance	Anil Kumar Bagri	5,154.20	6,200.00	-

**(c) There are no outstanding balance with the related parties for the financial year 2019-20, 2020-21 and 2021-22.****Note:**

The related party disclosures made in the financial statements are as per the requirements of Ind AS 24 on "Related Party Disclosures", as prescribed in Companies (Indian Accounting Standards (IND AS)) Rules 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

**34 Additional Regulatory information - Analytical Ratios****Financial Year: 2021-22**

Sr.no	Ratio	Numerator	Denominator	31st March 2022	31st March 2021	% Variance	Reason for Variance
1	Capital to risk-weighted assets ratio	Tier I + Tier II Capital	Risk Weighted Assets	108.43%	105.64%	2.64%	NA
2	Tier I CRAR	Tier I Capital	Risk Weighted Assets	109.41%	100.74%	8.60%	NA
3	Tier II CRAR	Tier II Capital	Risk Weighted Assets	-0.98%	4.90%	-119.99%	Substantial decline in Tier II Capital.

**Financial Year: 2020-21**

Sr.no	Ratio	Numerator	Denominator	31st March 2021	31st March 2020	% Variance	Reason for Variance
1	Capital to risk-weighted assets ratio (CRAR)	Tier I + Tier II Capital	Risk Weighted Assets	105.64%	140.89%	-25.02%	Substantial increase in Risk Weighted assets
2	Tier I CRAR	Tier I Capital	Risk Weighted Assets	100.74%	147.99%	-31.93%	Substantial increase in Risk Weighted assets
3	Tier II CRAR	Tier II Capital	Risk Weighted Assets	4.90%	-7.10%	-169.00%	Substantial increase in Risk Weighted assets

**Financial Year: 2019-20**

Sr.no	Ratio	Numerator	Denominator	31st March 2020	31st March 2019	% Variance	Reason for Variance
1	Capital to risk-weighted assets ratio (CRAR)	Tier I + Tier II Capital	Risk Weighted Assets	140.89%	113.82%	23.78%	Substantial decrease in Risk Weighted assets
2	Tier I CRAR	Tier I Capital	Risk Weighted Assets	147.99%	114.61%	29.13%	Substantial decrease in Risk Weighted assets
3	Tier II CRAR	Tier II Capital	Risk Weighted Assets	-7.10%	-0.78%	805.89%	Substantial increase in Tier II Capital.

34.1 Capital to risk-weighted assets ratio (CRAR) – Stock of High Quality Liquid Assets divided by Expected cash outflows for 30 days & Liquidity Coverage Ratio are not applicable since the Company is a Non-deposit taking NBFCs with asset size below ₹ 100 crore and pursuant to circular dt. 04.11.2019 RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

Amounts are in Rs.thousands, unless otherwise stated

**35 FAIR VALUE MEASUREMENT**

(i) The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

Particulars	As at 31st March, 2022		As at 31st March, 2021		As at 31st March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets measured at amortised cost</b>						
Cash and cash equivalents	282.08	282.08	1,618.02	1,618.02	16,425.48	16,425.48
Bank balance other than Cash and cash equivalents	11,854.53	11,854.53	10,648.15	10,648.15	10,630.51	10,630.51
Receivables						
Trade receivable	-	-	-	-	-	-
Other receivable	103.10	103.10	13,566.04	13,566.04	1,536.26	1,536.26
Loans	-	-	16,151.10	16,151.10	16,523.28	16,523.28
Other Financial Assets	4,018.62	4,018.62	4,833.68	4,833.68	2,408.22	2,408.22
<b>Financial assets measured at FVTPL</b>						
Investments	1,35,234.59	1,35,234.59	68,501.02	68,501.02	38,228.77	38,228.77
<b>Financial liabilities measured at amortised cost</b>						
Payables						
Trade payables	-	-	-	-	-	-
Other payables	160.80	160.80	3,307.70	3,307.70	214.73	214.73

**ii. Fair Valuation Techniques**

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:

The fair value of cash and cash equivalents, loans, other financial liabilities and assets approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.

Investments traded in active market are determined by reference to the quotes from the Stock exchanges as at the reporting date. The reporting entity does not have any unquoted investments in equity shares.

**iii. Fair value hierarchy**

This section explains the basis of estimates made in determining the fair values of the financial instruments that are :-

a. recognised and measured at fair value and

b. measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard, which are explained herein below.



Amounts are in Rs.thousands, unless otherwise stated

**Financial assets measured at fair value – recurring fair value measurements as at March 31st, 2022**

Particulars	Carrying	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Cash and cash equivalents	282.08	-	-	-
Bank balance other than Cash and cash equivalents	11,854.53	-	-	-
Receivables	-	-	-	-
Trade receivable				
Other receivable	103.10	-	-	-
Loans	-	-	-	-
Investments	1,35,234.59	1,35,234.59	-	-
Other Financial Assets	4,018.62	-	-	-

**Financial Liabilities**

<b>Payables</b>				
Trade payables	-	-	-	-
Other payables	160.80	-	-	-

**Financial assets measured at fair value – recurring fair value measurements as at March 31st, 2021**

Particulars	Carrying	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Cash and cash equivalents	1,618.02	-	-	-
Bank balance other than Cash and cash equivalents	10,648.15	-	-	-
Receivables	-	-	-	-
Trade receivable	-	-	-	-
Other receivable	13,566.04	-	-	-
Loans	16,151.10	-	-	-
Investments	68,501.02	68,501.02	-	-
Other Financial Assets	4,833.68	-	-	-

**Financial Liabilities**

<b>Payables</b>				
Trade payables	-	-	-	-
Other payables	3,307.70	-	-	-

**Financial assets measured at fair value – recurring fair value measurements as at March 31st, 2020**

Particulars	Carrying	Level 1	Level 2	Level 3
<b>Financial assets</b>				
Cash and cash equivalents	16,425.48	-	-	-
Bank balance other than Cash and cash equivalents	10,630.51	-	-	-
Receivables	-	-	-	-
Trade receivable	-	-	-	-
Other receivable	1,536.26	-	-	-
Loans	16,523.28	-	-	-
Investments	38,228.77	38,228.77	-	-
Other Financial Assets	2,408.22	-	-	-

**Financial Liabilities**

<b>Payables</b>				
Trade payables	-	-	-	-
Other payables	214.73	-	-	-

**Valuation principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would include rates/values/valuation references published periodically by BSE, NSE etc. basis which trades take place in a linked or unlinked active market. This includes traded bonds and mutual funds, as the case may be, that have quoted price/rate/value.

**Level 2:** The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Valuation techniques used to determine fair value**

- The fair value of investment in quoted equity shares and mutual funds are determined using inputs that are directly or indirectly observable in market place.
- Fair valuation of Financial assets and liabilities not within the operating cycle of the company is amortised based on the Effective Interest Rate.

**36 FINANCIAL RISK MANAGEMENT**

The Company has operations in India. Whilst risk is inherent in the Company's activities, it is managed through a risk management framework, including ongoing identification, measurement and monitoring subject to risk limits and other controls. The Company's activities expose it to credit risk, liquidity risk and market risk.

The Board of Directors provide guiding principles for overall risk management, as well as policies covering specific areas, such as, credit risk, liquidity risk, and investment of available funds. The Company's risk management is carried out by authorised personnel as per policies approved by the Board of Directors. Accordingly, Company's authorised personnel identifies, evaluates and manages financial risks.

**Risk Management Framework**

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks. Market risks comprise currency risk and interest rate risk. The Company's Senior Management and Key Management Personnel have the ultimate responsibility for managing these risks. The Management has a process to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and to monitor risks and adherence to these limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. Further, Audit Committee undertakes regular reviews of Risk Management Controls and Procedures.

**i. Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure.

**Credit Risk Management**

Credit risk has always been managed by the Company through credit approvals and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company has adopted expected lifetime credit loss model to assess the impairment loss, and is positive of the realisability of the other trade receivables and other Financial Asset.

**ii. Liquidity Risk**

The Company's principal sources of liquidity are 'cash and cash equivalents', 'Bank balance other than cash & cash equivalents', and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

Amounts are in Rs.thousands, unless otherwise stated

**iii. Market Risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

**Interest rate risk**

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. Since the Company does not have any financial assets or financial liabilities bearing floating interest rates, any change in interest rates at the reporting date would not have any significant impact on the financial statements of the Company.

**37 CAPITAL MANAGEMENT****Objectives, policies and processes of capital management**

The Company is cash surplus and has only equity capital. The Company operates as an Investment Company and consequently is registered as a Non-Banking Financial Institution with Reserve Bank of India (RBI).

The cash surpluses are currently invested in equity instruments, income generating debt instruments (including through mutual funds) and money market instruments depending on economic conditions in line with investment policy set by the Management. Safety of capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on the surplus funds.

**38 Maturity Analysis of Assets and Liabilities****As at March 31, 2022**

<b>Particulars</b>	<b>On Demand</b>	<b>Within 12</b>	<b>After 12</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	282.08	-	-	282.08
Bank balance other than Cash and cash equivalents	-	-	11,854.53	11,854.53
Receivables				
Trade receivable				
Other receivable	-	103.10	-	103.10
Loans	-	-	-	-
Investments	-	1,35,234.59	-	1,35,234.59
Other Financial Assets	-	388.64	3,629.99	4,018.62
<b>Non-financial assets</b>				
Current tax assets (net)	-	-	3,497.94	3,497.94
Deferred tax assets (net)	-	-	78.12	78.12
Property, plant and equipment	-	-	-	-
Intangible assets	-	-	-	-
Other non-financial assets	-	12.47	-	12.47
<b>Financial liabilities</b>				
Payables				
Trade payables	-	-	-	-
Other payables		160.80	-	160.80
<b>Non-financial liabilities</b>				
Provisions	-	-	50.27	50.27
Other non-financial liabilities	-	13.35	-	13.35

## Summary of significant accounting policies and other explanatory information

Amounts are in Rs.thousands, unless otherwise stated

**As at March 31, 2021**

<b>Particulars</b>	<b>On Demand</b>	<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	1,618.02	-	-	1,618.02
Bank balance other than Cash and cash equivalents	-	-	10,648.15	10,648.15
Receivables				
Trade receivable	-	-	-	-
Other receivable	-	13,566.04	-	13,566.04
Loans	16,151.10	-	-	16,151.10
Investments	-	68,501.02	-	68,501.02
Other Financial Assets	-	1,203.69	3,629.99	4,833.68
<b>Non-financial assets</b>				
Current tax assets (net)	-	-	1,877.94	1,877.94
Deferred tax assets (net)	-	-	291.12	291.12
Property, plant and equipment	-	-	450.61	450.61
Intangible assets	-	-	103.82	103.82
Other non-financial assets	-	4.65	-	4.65
<b>Financial liabilities</b>				
Payables				
Trade payables	-	-	-	-
Other payables	-	3,307.70	-	3,307.70
<b>Non-financial liabilities</b>				
Provisions	-	-	2,512.40	2,512.40
Other non-financial liabilities	-	2,409.55	-	2,409.55

**As at March 31, 2020**

<b>Particulars</b>	<b>On Demand</b>	<b>Within 12 months</b>	<b>After 12 months</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	16,425.48	-	-	16,425.48
Bank balance other than Cash and cash equivalents	-	-	10,630.51	10,630.51
Receivables				
Trade receivable	-	-	-	-
Other receivable	-	1,536.26	-	1,536.26
Loans	16,523.28	-	-	16,523.28
Investments	-	38,228.77	-	38,228.77
Other Financial Assets	-	778.24	1,629.99	2,408.22
<b>Non-financial assets</b>				
Current tax assets (net)	-	-	111.11	111.11
Deferred tax assets (net)	-	-	3,829.16	3,829.16
Property, plant and equipment	-	-	417.99	417.99
Intangible assets	-	-	116.93	116.93
Other non-financial assets	-	12.32	-	12.32
<b>Financial liabilities</b>				
Payables				
Trade payables	-	-	-	-
Other payables	-	214.73	-	214.73
<b>Non-financial liabilities</b>				
Provisions	-	-	460.15	460.15
Other non-financial liabilities	-	582.30	-	582.30

Amounts are in Rs.thousands, unless otherwise stated

**39 Micro, small and medium enterprises**

There are no Micro, Small & Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2020, 31st March 2021 and 31st March 2022. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**40 Events after reporting date**

There have been no events after the reporting date that require disclosure in these financial statements.

**41 A. Reconciliation of total equity as per audited financial statements with total equity as per restated financial information:****Material Restatement Adjustments**

The accounting policies applied for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 are consistent with those adopted in the preparation of financial statements for the years ended March 31, 2022.

These Restated Financial Information has been compiled from the Historical audited financial statements and

(a) there were no changes in accounting policies during the years of these financial statements

(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years except:

> The deferred tax has been re-calculated on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base as per Ind As - 12 "Income Taxes". The effect of such adjustment have been provided in Note No: 41C.

(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company and the requirements of the SEBI Regulations except:

The remeasurement gains/(losses) on defined benefit plans of Rs. 293.7, Rs.(1800.88) and Rs. (1910.57) in financial year 2019-20, 2020-21 and 2021-22 respectively, have been reclassified from Retained earnings to Other comprehensive income.

**Material Regroupings**

Division III - Schedule III to the Companies Act, 2013 has been further amended vide the Government Notification dated March 24, 2021 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements. In the month of January 2022, Guidance note on Division III - Schedule III to the Companies Act, 2013 was issued by the ICAI to give effect to these amendments, which was applicable to the Company for preparation and presentation of its financial statements from financial year ended March 31, 2022. It may be noted that in preparing and presenting the audited financial statements for the year ended March 31, 2022 the Company had reclassified the comparative figures in accordance with the requirements of the Guidance note. Accordingly this restated financial information has been prepared based on the above requirement. The adoption of the said amendment does not impact recognition and measurement principles followed for preparation of the financial statements.

**B. Reconciliation of total equity as per audited financial statements with total equity as per restated financial information:**

Summarised below are the restatement adjustments made to the total equity as per the audited financial statements of the Company for the years ended March 30, 2022, March 30, 2021, and March 31, 2020 and their consequential impact on the equity of the Company.

Particulars	As at 31st March	As at 31st March	As at 31st March
Total equity (as per audited financial statements)	1,20,614.92	76,231.60	49,811.67
Adjustment due to actuarial gain / loss of defined benefit of obligation	-	-	1,421.52
Adjustment due to re-calculation of deferred tax	78.12	(579.10)	3,585.67
<b>Total equity (as per restated financial information)</b>	<b>1,20,693.03</b>	<b>75,652.50</b>	<b>54,818.85</b>

Amounts are in Rs.thousands, unless otherwise stated

**C. Reconciliation of total comprehensive income as per audited financial statements with total comprehensive income as per restated financial information**

Summarised below are the restatement adjustments made to total comprehensive income as per the audited financial statements of the Company for each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020.

	As at 31st March	As at 31st March	As at 31st March
<b>(i). Total comprehensive income as per audited financial statements</b>	44,383.32	26,419.93	(14,876.04)
<b>(ii). Adjustments:</b>			
(a) Audit qualifications	-	-	-
(b) Adjustments due to prior period items / other adjustments			
- Adjustment due to re-calculation of deferred tax	657.22	(4,164.77)	3,585.67
- Adjustment due to re-measurement of defined benefit plans	-	(1,421.52)	-
<b>(iii). Total comprehensive income as per Restated Financial Information</b>	<b>45,040.54</b>	<b>20,833.65</b>	<b>(11,290.37)</b>

**42 Impact of Covid-19 on the Company**As at and for the year ended March 31, 2022 and March 31, 2021

The COVID-19 pandemic resulted in significant volatility in financial markets and a decrease in global and India's economic activities in FY 2021 and early FY 2022. Consequent lockdowns and varying restrictions imposed by the central and various state governments had led to disruptions and dislocations of individuals and businesses. However, with the gradual lifting of the lockdown restrictions during the year, the operations of the Company have returned to normal levels of activity. The overall financial metrics of the Company have improved from the prior year and the Company has made adequate expected credit loss provisions on its loan in accordance with accounting principles in India and accordingly in the opinion of the Company the impact of COVID 19 on its financial metrics are no longer significantly uncertain. The Company has evaluated the impact of COVID-19 on the business and operations of the Company as at March 31, 2022 and is of the view that it does not have any material impact on the financial statements of the Company on the basis of the facts and events upto the date of approval of these financial statements.

As at and for the year ended March 31, 2020

COVID-19 is impacting businesses globally by disrupting operations, supply chains and travel. In order to address the risk associated with COVID-19 and to seamlessly carry out normal operations, the Company immediately activated its Business Continuity Plan (BCP). The Company ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyberattacks. No part of trade and other receivables has become impaired on account of the COVID - 19 outbreak. The extent to which the global pandemic will impact the Company's impairment assessment and resultant provisions is uncertain. The Company has assessed the potential impact of COVID-19 on the carrying value of its investments and has considered internal and external information available, up to the date of approval of these financial statements.

**43 Other statutory information**

- a) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- b) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- c) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- d) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- e) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**Amounts are in Rs.thousands, unless otherwise stated**

- g) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
- h) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- i) The Company does not have any immovable property during the financial year.
- j) The company has not revalued its property, plant and equipment during the financial year.
- k) The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets during the year.
- l) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- m) The company has not entered into any scheme of arrangement which has been approved by the competent authority in terms of section 230 to 237 of the Companies Act, 2013 which has an accounting impact on financial year.

**44 Social Security Code**

The date on which the Code of Social Security, 2020 ('The Code') relating to employee benefits during employment and post-employment benefits will come into effect is yet to be notified and the related rules are yet to be finalised. The Company will evaluate the code and its rules, assess the impact, if any and account for the same once they become effective.

**45** Figures have been rounded off to nearest thousands (two decimals), unless otherwise stated.

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The accompanying notes are integral part of the restated financial information

As per our report of even date

**For ARSK & Associates**

Chartered Accountants

Firm's Registration No: 315082E

**For and on behalf of the board of Directors****Madhusudan Murlidhar Kela**

Managing Director

DIN: 05109767

**Swati Mukesh Dujari**

Director

DIN: 05349218

**CA. Ravindra Khandelwal**

Partner

Membership No: 054615

Date: 31/01/2023

Place: Kolkata

**Sanket Dilip Rathi**

Company Secretary

**Rashmee Purushottam Mehta**

Chief Financial Officer

***Unaudited Limited Reviewed financials for the half year ended September 30, 2022***

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS  
TO THE BOARD OF DIRECTORS OF MKVENTURES CAPITAL LIMITED (Formerly known as  
IKAB SECURITIES & INVESTMENT LIMITED)**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MKVENTURES CAPITAL LIMITED (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED ("the Company"))**, for the quarter ended September 30, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the 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 (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For ARSK & ASSOCIATES**  
Chartered Accountants  
Firm's Reg. No.: 315082E



**CA. Ravindra Khandelwal**  
Partner  
Membership No. 054615

Place: Kolkata  
Date: 12/11/2022

**MKVENTURES CAPITAL LIMITED. (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED)**  
**CIN: L17100MH1991PLC059848**

**Statement of Standalone unaudited Financial Results for the Quarter and half-year ended 30th september,2022**

(Amount in 'lakhs )

Particulars	Standalone					
	Quarter ended			Half year ended		Year ended
	30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Sep-21	31-Mar-22
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>(I) Revenue from Operations</b>						
(i) Interest Income	43.77	-	82.34	43.77	116.88	187.10
(ii) Documentation charges	1.00	-	-	1.00	-	-
(iii) Processing fees	203.75	-	-	203.75	-	-
(iv) Net gain on fair value change	17.38	13.38	594.37	30.76	770.51	1,184.80
<b>(II) Other Income</b>	2.81	0.33	0.49	3.14	0.76	-
<b>(III) Total Income (I+II)</b>	268.71	13.70	677.20	282.41	888.15	1,371.90
<b>(IV) Expenses</b>						
(i) Finance Cost	23.97	-	354.63	23.97	460.38	672.10
(ii) Impairment on financial instruments	-	-	0.01	-	1.09	-40.40
(iii) Employee benefits expenses	0.34	-	8.68	0.34	14.38	86.30
(iv) Depreciation & Amortization	-	-	0.16	-	0.32	0.60
(v) Other expenses	4.20	1.20	7.73	5.40	14.59	40.60
<b>Total Expenses (IV)</b>	28.51	1.20	371.21	29.71	490.76	759.20
<b>Profit before Exceptional Items &amp; Tax</b>	240.20	12.50	305.99	252.71	397.39	612.70
<b>Exceptional items</b>	-	-	-	-	-	-
<b>(V) Profit Before Tax (IV-III)</b>	240.20	12.50	305.99	252.71	397.39	612.70
<b>Tax Expense:</b>						
(a) Current Tax	63.34	-	-	63.34	-	-
(b) Deferred Tax	-	-	-	-	-	-
<b>Total tax expense (VI)</b>	63.34	-	-	63.34	-	-
<b>Profit After Tax (V-VI)</b>	176.87	12.50	305.99	189.37	397.39	612.70
<b>Other Comprehensive Income/(Expense)</b>						
A (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
-Changes in fair valuation of equity instruments	-	-	-	-	-	-
-Remeasurement gains/losses on defined ben efit plan	-	-	-	-	-	-
(ii) Income tax relating to items that will not reclassified to profit or loss	-	-	-	-	-	-
B (i) Items that will be reclassified to Profit or Loss	-	-	-	-	-	-
(ii) Income tax relating to items that will reclassified to profit or loss	-	-	-	-	-	-
<b>Total Other Comprehensive Income/(Expense) (VIII)</b>	-	-	-	-	-	-
<b>Total Comprehensive Income/(Expense) for the period (VII+VIII)</b>	176.87	12.50	305.99	189.37	397.39	612.70
<b>Earnings per Equity share (of ₹ 10 each) (not annualised)</b>						
Basic (₹)	5.18	0.37	8.96	5.54	11.63	17.93
Diluted (₹)	5.18	0.37	8.96	5.54	11.63	17.93

Place: Mumbai  
Date: 12.11.22



For and on behalf of the Board of Directors

  
**Madhusudan Murlidhar Kela**  
Managing Director  
DIN : 05109767

**MKVENTURES CAPITAL LIMITED. (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED)**

**CIN: L17100MH1991PLC059848**

**Unaudited Standalone Statement of Assets and Liabilities**

(Amount in Lakhs )

Particulars	As at 30th September 2022	As at 31st March 2022
	Unaudited	Audited
<b>ASSETS</b>		
<b>Financial assets</b>		
(a) Cash and cash Equivalents	3.33	2.82
(b) Bank balance other (a) than above	548.10	118.55
(c) Loans	2,302.01	-
(d) Other investments	1,383.10	1,352.35
(e) Other financial assets	37.60	41.21
	<b>4,274.14</b>	<b>1,514.93</b>
<b>Non-financial assets</b>		
(a) Current tax assets (net)	7.08	34.98
(b) Deferred tax assets (net)	-	-
(c) Other non financial assets	1.33	0.12
	<b>8.41</b>	<b>35.10</b>
<b>TOTAL ASSETS</b>	<b>4,282.55</b>	<b>1,550.03</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Financial liabilities</b>		
(a) Borrowings	2,500.00	-
(b) Other financial liabilities	24.86	1.61
	<b>2,524.86</b>	<b>1.61</b>
<b>Non-financial liabilities</b>		
(a) Current tax liabilities (Net)	-	-
(b) Provisions	0.50	0.50
(c ) Deferred tax liabilities (Net)	-	-
(d) Other non-financial liabilities	20.03	0.13
	<b>20.53</b>	<b>0.63</b>
<b>Equity</b>		
(a) Equity share capital	341.64	341.64
(b) Other equity	1,395.52	1,206.15
<b>TOTAL EQUITY</b>	<b>1,737.16</b>	<b>1,547.79</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,282.55</b>	<b>1,550.03</b>



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**MKVENTURES CAPITAL LIMITED. (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED)**

**CIN: L17100MH1991PLC059848**

**Unaudited Standalone Cash Flow Statement**

(Amount in 'lakhs )

Particulars	For the half year ended September 30, 2022	For the half year ended September 30, 2021
	Unaudited	Unaudited
<b>A. Cash flows from operating activities</b>		
Profit/(Loss) before Tax	252.71	397.39
Adjustment for	-	-
Depreciation	-	0.32
Finance cost	23.97	460.38
Impairment on financial instruments	-	1.09
Net gain on fair value change	-30.76	-770.51
Operating Profit before Working Capital changes	245.92	88.67
Adjustment for		
Increase/decrease in other receivables	-	-2.48
Increase/decrease in loans & advances	-2,302.01	-4.14
Increase/decrease in other financial assets	24.48	-4.80
Increase/decrease in other non financial assets	-	-70.41
Increase/decrease in other payable	-	-488.63
Increase/decrease in provision	-	-20.00
Increase in other non financial liabilities	-	-19.70
Increase in financial liabilities	-22.29	-
Increase in non financial liabilities	17.50	-
Cash generated from Operations	-2,036.41	-521.48
Less: Direct Taxes paid/refund (Net)	33.52	-
<b>Net cash flow from Operating activities</b>	<b>-2,069.93</b>	<b>-521.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investment measured at FVTPL	-	-6,551.61
Proceeds from sale of investment measured at FVTPL	-	7,505.10
<b>Net Cash flow from Investing activities</b>	<b>-</b>	<b>953.49</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment from Borrowings	-	-2,26,625.67
Proceeds from Borrowings	2,500.00	2,26,625.67
<b>Net cash flow from Financing activities</b>	<b>2,500.00</b>	<b>-</b>
<b>Cash and Cash equivalents (A+B+C)</b>	<b>430.07</b>	<b>432.01</b>
Cash and Cash equivalents as at 1st April	121.37	122.66
Cash and Cash equivalents as at 30th September	551.43	554.67





**MKVENTURES CAPITAL LIMITED. (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED)**  
CIN: L17100MH1991PLC059848

**NOTES TO STANDALONE FINANCIAL RESULTS- Q2 FY 2022-23**

1	This unaudited Standalone Financial Results has been prepared in accordance with the Companies (Indian Accounting Standards ) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
2	The Company is a Non Banking Financial Company and has no activities other than those of an Investment company. Accordingly there are no separate reporting segments as in Ind AS 108 "Operating Segment"
3	Previous periods' figures have been regrouped, recomputed, wherever necessary.
4	The above standalone Financial results prepared and presented in pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been reviewed by the Audit Committee in its meeting held on 12th November 2022 and were approved by the Board of Directors in its meeting held on that date. The statutory auditors of the Company have carried out the limited review of the aforesaid results.
5	The figures for the second quarter in each of the financial years are the balancing figures between figures in respect of the half year end and the year to date figures upto the end of the first quarter of the respective financial year
6	Figures in the previous period have been regrouped and correspondingly ratios are changed wherever necessary, in order to make them comparable.

By the Order of the Board

MKVENTURES CAPITAL LIMITED. (Formerly known as IKAB SECURITIES & INVESTMENT LIMITED)

  
Madhusudan Murlidhar Kela

Managing Director

DIN : 05109767

Place : Mumbai

Date: 12.11.22



## STATEMENT OF ACCOUNTING RATIOS

The following table sets forth the accounting ratios as at March 31, 2022, March 31, 2021 and March 31, 2020:

*(all amounts in ₹ Lakhs, unless stated otherwise)*

S. No.	Particulars	As at September 30, 2022	As at 31st March 2022	As at 31st March 2021	As at 31st March 2020
A.	Net Worth	1737.16	1548.57	1098.16	889.83
B.	Profit / (Loss) attributable to the owners of the equity	189.37	469.51	226.34	(115.84)
C.	Number of the shares outstanding at the end of the year	34,16,400	34,16,400	34,16,400	34,16,400
	Weighted Number of the shares outstanding at the end of the year				
D.	- for basic earnings per share	34,16,400	34,16,400	34,16,400	34,16,400
E.	- for diluted earnings per share	34,16,400	34,16,400	34,16,400	34,16,400
F.	Basic earnings per share (B/D) – In ₹.	5.54	13.74	6.63	(3.39)
G.	Restated diluted earnings per share (B/E) - In ₹.	5.54	13.74	6.63	(3.39)
H.	Return on net worth (%) (B/A)	10.90	30.32	20.61	(13.02)
	Net Asset Value per share				
I.	- based on weighted average number of shares (A/D) - In ₹.	50.85	45.32	32.14	26.04
J.	- assuming actual number of equity shares with fully diluted capital in prior years (A/E) - In ₹.	50.85	45.32	32.14	26.04
K.	EBITDA	252.71	613.35	326.69	(145.82)
L.	Face value – in ₹	10	10	10	10

### Notes:

1. The amounts disclosed are based on Restated Financial Information of the Company

Basic earnings per share  $\frac{\text{Net profit, attributable to the owners of the company}}{\text{Weighted average no. of equity shares during the year}}$

Diluted earnings per share  $\frac{\text{Net profit, attributable to the owners of the company}}{\text{Weighted average no. of dilutive equity shares during the year}}$

Return on net worth (%)  $\frac{\text{Net profit, attributable to the owners of the company}}{\text{Net worth, including share capital and reserves and surplus, as restated at the end of the year}}$

Net asset value per equity share  $\frac{\text{Net worth, including share capital and reserves and surplus, as restated at the end of the year}}{\text{No. of equity shares outstanding at the end of the year}}$

EBITDA Profit before tax and exceptional items + Depreciation and Amortisation expense

## CAPITALIZATION STATEMENT

### Statement of Capitalization

(In ₹ Lakhs)

Particulars		Pre-Issue as at September 30, 2022	As adjusted for the issue (Post Issue) *
<b>Borrowings:</b>			
Current borrowings	A	2,500.00 <sup>#</sup>	[●]
Non-current borrowings	B	0.00	[●]
<b>Total borrowings</b>	<b>C=A+B</b>	<b>2,500.00</b>	<b>[●]</b>
<b>Shareholder's fund (Net worth)</b>			[●]
Share Capital	D	341.64	[●]
Other Equity <sup>^</sup>	E	1,396.52	[●]
<b>Total shareholder's fund (Net worth)</b>	<b>F=D+E</b>	<b>1,737.16</b>	<b>[●]</b>
<b>Non-current borrowing's/shareholder's fund (Net worth) ratio</b>	<b>B/F</b>	<b>-</b>	<b>[●]</b>
<b>Total borrowings /shareholders' funds (Net worth) ratio</b>	<b>C/F</b>	<b>1.43</b>	<b>[●]</b>

*\*To be updated in the Letter of Offer*

*<sup>^</sup>excludes non-controlling interest*

*<sup>#</sup> The outstanding borrowings as at January 31, 2023 is Rs.8.395 Lakhs*

#### Notes:

1. Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long-term borrowings.
2. The amounts disclosed above are based on the Restated Financial Statements of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with the "Restated Financial Statements" on page 88 of this Draft Letter of Offer. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" on pages 25 and 20 respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.*

*Our restated financial statements included in this Draft Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Financial 2022, Financial 2021 and Financial 2020 included herein is based on the Restated Financial Statements, included in this Draft Letter of Offer. For further information, see "Restatement Financial Statements" on page 88 of this Draft Letter of Offer.*

### OVERVIEW OF OUR BUSINESS

NBFC (Non-Banking Financial Companies) form an integral part of the Indian financial system by complementing the banking sector in extending credit to both organized and unorganized segment of the society. Over the years, NBFCs have emerged as a primary source of funding for the underbanked underserved segment of the society

Over the last 5 years, NBFC's assets have grown at cumulative average growth rate of more than 15%. Overall, NBFC segment provides huge growth opportunity going forward for the existing players as well as new entrants. Within the lending space, select segments look very interesting and offer good opportunity

We are studying the current NBFC competitive landscape and will narrow down on specific segment to focus on for lending activities

We are also evaluating alternative investment asset classes and related segments in addition to the lending business

### OUR BUSINESS STRATEGIES

We are currently in the process of identifying and narrowing down on the right product and region to cater to within the vast lending space. We are also in the process of expanding the human capital and building the right team to achieve the desired result

Idea is to focus on lending segments where we can sustainably generate healthy ROAs and ROEs while maintaining a tight control on asset quality

We are exploring alternative asset classes within the financial services segment other than pure lending opportunities as well.

This may involve both organic and inorganic opportunities to foray into newer segments



## **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled ‘Risk Factors’ on page 25 of this Draft Letter of Offer. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- adverse changes in central or state government policies
- trends in the NBFC Sector;
- adverse development that may affect our operations
- performance of our key clients;
- adverse effect of competition on our market share and profits;
- any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- Any adverse development that may affect the operations of our manufacturing unit;
- changes in technology and our ability to manage any disruption or failure of our technology systems;
- our ability to:
  - manage our growth effectively;
  - manage our credit risk;
  - manage our quality of services;
  - hire and retain senior management personnel and other skilled manpower;
  - manage cost of compliance with labor laws or other regulatory developments;
  - manage our operating costs;
  - manage breakdown or failure of equipment, power supply or processes, natural disasters and accidents;
  - successfully implement our business strategies and expansion plans;
  - maintain effective internal controls;
- adequate and timely supply of equipment and raw materials necessary for our operations;
- Our ability to attract and retain qualified personnel;
- changes in general, political, social and economic conditions in India and elsewhere;
- general levels of GDP growth, and growth in employment and personal disposable income; and
- economic uncertainties, fiscal crises or instability in India

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled “Restated Financial Information” on page 88 of this Draft Letter of Offer.

## **CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS**

Except as mentioned in the Notes to the Accounts in the chapter “Restated Financial Information” on page 88 of this Draft Letter of Offer has been no change in accounting policies in last 3 years.

## **RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS**

The Examination Report issued by our Statutory Auditors has no reservations, qualifications and adverse remarks.

## RESULTS OF OPERATIONS

The following table sets out selected data from the Restated Financial Statements for Financial Year 2022 and Financial Year 2021, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	FY 2022		FY 2021	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>				
Revenue from operations	1371.83	99.99	830.62	99.99
Other Income	0.08	0.01	0.07	0.01
<b>Total Income</b>	<b>1371.91</b>	<b>100.00</b>	<b>830.69</b>	<b>100.00</b>
<b>Expenses</b>				
Employee Benefit Expenses	86.28	6.29	58.00	6.98
Finance Cost	672.06	48.99	429.17	51.66
Impairment Costs	(40.39)	-2.94	(1.31)	-0.16
Depreciation and amortization expense	0.62	0.05	0.59	0.07
Other Expenses	40.61	2.96	18.13	2.18
<b>Total Expenses</b>	<b>759.18</b>	<b>55.34</b>	<b>504.58</b>	<b>60.74</b>
Profit / (Loss) before exceptional items and Tax	<b>612.73</b>	<b>44.66</b>	<b>326.11</b>	<b>39.26</b>
Exceptional Items	0.00	0	0.00	0.00
Restated Profit /(Loss) before tax	612.73	44.66	326.11	39.26
<b>Tax Expense</b>				
Current Tax	147.50	10.75	62.74	7.55
Deferred Tax	(4.27)	-0.31	37.02	4.46
Prior Period Tax Adjustments	0.00	0.00	0.00	0.00
<b>Profit / (Loss) After Tax</b>	<b>469.51</b>	<b>34.22</b>	<b>226.35</b>	<b>27.25</b>
<b>Other Comprehensive Income/(Loss)</b>	<b>(19.11)</b>	<b>-1.39</b>	<b>(18.01)</b>	<b>-2.17</b>
<b>Total Comprehensive Income /(Loss) for the Year</b>	<b>450.40</b>	<b>32.83</b>	<b>208.34</b>	<b>25.08</b>
Earnings per Share (Basic) (in Rs.)	13.74		6.63	
Earnings per Share (Diluted) (in Rs)	13.74		6.63	

### Total income

#### *Revenue from operations*

Our revenue from operations comprises of interest income from loans, bank deposits and dividend income.

### ***Other Income***

Other income comprises of interest from income tax refund and other miscellaneous income.

### ***Expenses***

Our expenses consist of employee benefit expense, finance cost, impairment cost, depreciation and amortisation expenses and other expenses.

#### ***Employee benefit expenses***

Employee benefit expense consists of salaries, wages, bonus, contribution to provident and other funds and other staff welfare expenses.

#### ***Finance Costs***

Finance Costs consists of financial liabilities on borrowings measured at amortised cost. .

#### ***Impairment Costs***

*Impairment Costs is measured at financial assets on loans measured at amortised cost.*

#### ***Depreciation and amortisation expenses***

Depreciation and amortization expenses consist of depreciation on tangible and intangible assets owned by our company.

#### ***Other expenses***

Other expenses include advertisement expenses, business development expenses, bank charges, communication costs, Directors' sitting fees, donations, depository charges, electricity charges, legal and professional fees, loss on sale of assets, membership and subscription, miscellaneous expenses, payment to auditors, postage and courier, printing and stationery, rates and taxes, repairs and maintenance and travelling and conveyance expenses

#### ***Tax expenses***

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

### **Comparison of Historical Results of Operations**

#### **Financial Year 2022 compared to Financial Year 2021**

##### ***Total Revenue***

The total revenue for Financial year ended March 31, 2022 increased from ₹ 830.69 Lakhs during the financial year ended March 31, 2021 to ₹1371.91 Lakhs an increase of ₹541.22 Lakhs or 65.16 % This

increase was due to an increase in interest earned from deposits with banks and a significant increase in net gain on fair value changes.

### ***Revenue from operations***

Our revenue from operations increased from ₹830.62 Lakhs during the financial year ended March 31, 2021 to ₹ 1371.83 Lakhs in financial year ended March 31, 2022, an increase of ₹ 541.21 Lakhs or 65.16%. This was mainly due to an increase in interest income, that too interest earned from the deposits with banks and an increase of ₹ 493.53 Lakhs in net gain of financial instruments measured at fair value through profit and loss during the financial year ended March 31, 2022 as compared to the previous year.

### ***Other income***

Other income increased from ₹0.07 Lakhs to ₹0.08 Lakhs, an increase of ₹0.01 Lakh, This increase was very marginal.

### ***Expenses***

Out total expenses increased from ₹504.58 Lakhs for the financial year ended March 31, 2021 to ₹759.18 Lakhs for the financial year ended March 31, 2022 which was an increase of ₹254.60 Lakhs or 50.46% This was due to an increase in finance costs, increase in impairment costs and overall increase in other expenses.

### ***Employee benefit expenses***

Employee benefits expense for the year ended March 31 2022 was ₹86.28 Lakhs compared to ₹ 58.00 Lakhs for the year ended March 31, 2021. This was an increase of ₹28.28 Lakhs or 48.76% over the previous year. This was due to an increase in salaries and other staff welfare expenses.

### ***Finance Costs***

Finance costs for the year ended March 31, 2022 was ₹672.06 Lakhs as compared to ₹429.17 Lakhs for the year ended March 31, 2021, an increase of ₹242.89 Lakhs or 56.60% This was due to an increase in borrowings.

### ***Impairment Costs***

Impairment costs on financial instruments was ₹(40.40) Lakhs for the year ended March 31, 2022 as compared to ₹ (1.30) Lakhs during the year ended March 31, 2021. This was a decrease of ₹39.08 Lakhs a decrease of more than 2500% on account of an impairment of financial assets (loans) during the year ended March 31, 2022.

### ***Depreciation and Amortisation Expense***

Depreciation and amortization expense for the year ended March 31, 2022 was ₹.0.62 Lacs as compared to ₹0.59 Lakhs for the year ended March 31, 2021, an increase of ₹3,000. This was due to disposal of many of the tangible assets held by the Company during the financial year ended March 31, 2022.

### ***Other expenses***

Other expenses for the year ended March 31, 2022 was ₹ 40.61 Lakhs as compared to ₹18.13 Lakhs for the year ended March 31, 2021, an increase of ₹22.48 Lakhs or 123.99% over the previous year. This was due to an increase in business development expenses, donations, rates and taxes and travelling and conveyance expenses during the year ended March 31, 2022.

### ***Profit/(Loss) before Tax***

The profit before tax for the year ended March 31, 2022 was ₹ 612.73 Lakhs as compared to ₹ 326.10 Lakhs for the year ended March 31, 2021, an increase of ₹ 286.62 Lakhs or 87.89%. This was due to an increase in total revenue as compared to the total expenses of the previous year.

### ***Taxation***

Total tax expense for the year ended March 31, 2022 was ₹ 143.23 Lakhs as compared to ₹ 99.76 Lakhs for the year ended March 31, 2021.

### ***Profit/Loss after Tax***

As a result of the aforesaid, Our Company earned a profit for the year for the year ended March 31, 2022 of ₹ 469.51 Lacs as compared to ₹ 226.35 Lakhs for the financial year ended March 31, 2021.

The following table sets out selected data from the Restated Financial Statement for Financial Year 2021 and Financial Year 2020, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	FY 2021		FY 2020	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>				
Revenue from operations	830.62	99.99	157.62	100.00
Other Income	0.07	0.01	0.00	0.00
<b>Total Income</b>	<b>830.69</b>	<b>100.00</b>	<b>157.62</b>	<b>100.00</b>
<b>Expenses</b>				
Employee Benefit Expenses	58.00	6.98	35.92	22.79
Finance Cost	429.17	51.66	205.30	130.25
Impairment Costs	(1.31)	-0.16	41.31	26.21
Depreciation and amortization expense	0.59	0.07	1.00	0.63
Other Expenses	18.13	2.18	20.91	13.27
<b>Total Expenses</b>	<b>504.58</b>	<b>60.74</b>	<b>304.44</b>	<b>193.15</b>
Profit / (Loss) before exceptional items and Tax	<b>326.11</b>	39.26	<b>(146.82)</b>	(93.15)
Exceptional Items	0.00	0.00	0.00	0.00
Restated Profit /(Loss) before tax	326.11	39.26	<b>(146.82)</b>	(93.15)
<b>Tax Expense</b>				
Current Tax	62.74	7.55	0.00	0.00
Deferred Tax	37.02	4.46	(31.38)	(19.91)
Prior Period Tax Adjustments	0.00	0.00	0.40	0.25
<b>Profit / (Loss) After Tax</b>	<b>226.35</b>	27.25	<b>(115.84)</b>	(73.49)
Other Comprehensive Income/(Loss)	<b>(18.01)</b>	(2.17)	2.94	1.87
<b>Total Comprehensive Income /(Loss)for the Year</b>	<b>208.34</b>	25.08	<b>(112.90)</b>	(71.63)
Earnings per Share (Basic) (in Rs.)	6.63		(3.39)	
Earnings per Share (Diluted) (in Rs)	6.63		(3.39)	

## **Comparison of Historical Results of Operations**

### **Financial Year 2021 compared to Financial Year 2020**

#### ***Total Revenue***

The total revenue for financial year ended March 31, 2022 increased by ₹ 673.07 Lakhs or 427.02% from ₹157.62 Lakhs during the financial year ended March 31, 2021 to ₹ 830.62 Lakhs during the financial year ended March 31, 2021. This increase was due to an increase in revenue from operations which comprised of interest income, dividend income, and net gain on fair value changes.

#### ***Revenue from Operations***

Our revenue from operations increased from ₹157.62 Lakhs during the financial year ended March 31, 2020 to ₹ 830.62 Lakhs in financial year ended March 31, 2021, an increase of ₹ 673.00 Lakhs or 426.98%. This was mainly due to an increase in interest income, that too interest earned from the deposits with banks, dividend income and an increase of ₹ 559.04 Lakhs in net gain of financial instruments measured at fair value through profit and loss during the financial year ended March 31, 2021 as compared to the previous year.

#### ***Other income***

Other income increased from ₹0.00 Lakhs to ₹0.07 Lakhs, an increase of ₹0.07 Lakh. This increase was very marginal and did not make an impact to the total revenue from operations.

#### ***Expenses***

Out total expenses increased from ₹304.44 Lakhs for the financial year ended March 31, 2020 to ₹504.58 Lakhs for the financial year ended March 31, 2021 which was an increase of ₹200.14 Lakhs or 65.74%. This was due to an increase in finance costs and a reduction in other expenses.

#### ***Employee benefit expenses***

Employee benefits expense for the year ended March 31 2021 was ₹58.00 Lakhs compared to ₹ 35.92 Lakhs for the year ended March 31, 2020. This was an increase of ₹ 22.08 Lakhs or 61.47% over the previous year. This was due to an increase in salaries and other staff welfare expenses.

#### ***Finance Costs***

Finance costs for the year ended March 31, 2021 was ₹ 429.17 Lakhs as compared to ₹ 205.30 Lakhs for the year ended March 31, 2020, an increase of ₹223.87 Lakhs or 109.05% This was due to an increase in borrowings, which was repaid during the same year.

#### ***Impairment Costs***

Impairment costs on financial instruments was ₹(1.30) Lakhs for the year ended March 31, 2021 as compared to ₹ 41.31 Lakhs during the year ended March 31, 2020. This was a decrease of ₹42.62 Lakhs a decrease of more than 103.17% on account of an impairment of financial assets (loans) during the year ended March 31, 2021.

#### ***Depreciation and Amortisation Expense***

Depreciation and amortization expense for the year ended March 31, 2021 was ₹.0.59 Lacs as compared to ₹1.00 Lakhs for the year ended March 31, 2020, a decrease of ₹0.41 Lakhs. This was due to disposal of many of the tangible assets held by the Company during the financial year ended March 31, 2021.

### ***Other expenses***

Other expenses for the year ended March 31, 2021 was ₹ 18.13 Lakhs as compared to ₹ 20.91 Lakhs for the year ended March 31, 2020, a decrease of ₹ 2.78 Lakhs or 13.30% over the previous year. This was due to decrease in legal and professional fees, postage and courier, repairs and maintenance and travelling and conveyance in the year ended March 31, 2021.

### ***Profit/(Loss) before Tax***

The profit before tax for the year ended March 31, 2021 was ₹ 326.10 Lakhs as compared to a loss of ₹ 146.82 Lakhs for the year ended March 31, 2020, an increase of ₹ 472.93 Lakhs or 322.12%. This was due to an increase in total revenue as compared to the previous year.

### ***Taxation***

Total tax expense for the year ended March 31, 2021 was ₹ 99.76 Lakhs as compared to ₹ (30.98) Lakhs for the year ended March 31, 2020, which was mainly due to an increase in deferred tax asset.

### ***Profit/Loss after Tax***

As a result of the aforesaid, Our Company earned a profit for the year for the year ended March 31, 2021 of ₹ 226.34 Lacs as compared to a loss of ₹ 115.84 Lakhs for the financial year ended March 31, 2020.

### **Comparison of Historical Results of Operations**

**Six months period ended September 30, 2022 compared with Six months period ended September 30, 2021.**

Particulars	Six Month period ended 30.09.2022		Six month ended 30.09.2021	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>				
Revenue from operations	279.27	98.89	887.39	99.91
Other Income	3.14	1.11	0.76	0.09
<b>Total Income</b>	282.41	100.00	888.15	100.00
<b>Expenses</b>				
Employee Benefit Expenses	0.34	0.12	14.38	1.62
Finance Cost	23.97	8.49	460.38	51.84
Impairment Costs	0.00	0.00	1.09	0.12
Depreciation and amortization expense	0.00	0.00	0.32	0.04
Other Expenses	5.40	1.91	14.59	1.64
<b>Total Expenses</b>	<b>29.71</b>	10.52	<b>490.76</b>	55.26
Profit / (Loss) before exceptional items and Tax	<b>252.71</b>	89.48	<b>397.39</b>	44.74
Exceptional Items	0.00	0.00	0.00	0.00
Profit /(Loss) before tax	<b>252.71</b>	0.00	<b>397.39</b>	44.74
<b>Tax Expense</b>				
Current Tax	63.34	22.43	0.00	0.00

Particulars	Six Month period ended 30.09.2022		Six month ended 30.09.2021	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Deferred Tax	0.00	0.00	0.00	0.00
Prior Period Tax Adjustments	0.00	0.00	0.00	0.00
<b>Profit / (Loss) After Tax</b>	<b>189.37</b>	<b>67.05</b>	<b>397.39</b>	<b>44.74</b>
Other Comprehensive Income/(Loss)	0.00	0.00	0.00	0.00
<b>Total Comprehensive Income /(Loss)for the Year</b>	<b>189.37</b>	<b>67.05</b>	<b>397.39</b>	<b>44.74</b>
Earnings per Share (Basic) (in Rs.)	5.54		11.63	
Earnings per Share (Diluted) (in Rs)	5.54		11.63	

### **Total Revenue**

Our Company has been taken over by Mr Madhusudan Kela during November 2021 and the open offer process was completed in February 2022. The acquisition process was completed with the new management taking over the Company in March 2022. We are operating **in a** competitive landscape and will narrow down on specific segment to focus on for lending activities. We are also evaluating alternative investment asset classes and related segments in addition to the lending business and are yet to decide on the business segment we want to operate in. Hence, our total revenue for the six-month period ended September 30, 2022 was ₹ 282.41 Lakhs as compared to ₹ 888.15 Lakhs for the corresponding six month period ended September 30, 2021 a decrease of ₹605.74 Lakhs or 68.20%.

### **Revenue from Operations**

For the reasons stated above, our revenue from operations for the six month period ended September 30, 2022 was ₹ 279.27 Lakhs as compared to ₹ 887.39 Lakhs for the corresponding six month period ended September 30, 2021 a decrease of ₹608.12 Lakhs or 68.53%.

### **Other Income**

Our Other Income for the six month period ended September 30, 2022 was ₹ 3.14 Lakhs as compared to ₹ 0.76 Lakhs for the corresponding six month period ended September 30, 2021 an increase of ₹2.38 Lakhs or 313.16 %.

### **Total Expenses**

Our total expenses reduced from ₹ 490.76 Lakhs for the six month period ended September 30, 2021 to ₹ 29.71 Lakhs for the six month period ended September 30, 2022. As our company has been recently taken over and our management is yet to decide on the business segment we would like to operate in, our expenses have also reduced substantially.

### **Employee benefit Expenses**

Our employee benefit expenses reduced from ₹ 14.38 Lakhs for the six month period ended September 30, 2021 to ₹ 0.34 Lakhs for the six month period ended September 30, 2022. This is because of reduction in salaries and other staff benefit expenses.



## Finance Costs

Our finance costs reduced from ₹ 460.38 Lakhs for the six-month period ended September 30, 2021 to ₹ 23.97 Lakhs for the six month period ended September 30, 2022. This was because of a reduction in loans that were taken by our Company during the six month period ended September 30, 2022.

## Depreciation and Amortization

Our depreciation and amortization expenses reduced from ₹ 0.32 Lakhs for the six-month period ended September 30, 2021 to ₹ 0.00 Lakhs for the six month period ended September 30, 2022, a decrease of ₹ 0.32 Lakhs or 100%. This is because there are no tangible and intangible assets

## Profit Before tax

Because of the reasons stated above, our profit before tax was ₹ 252.71 Lakhs for the six-month period ended September 30, 2022 to ₹ 397.39 Lakhs for the six month period ended September 30, 2021, a decrease of ₹144.68 Lakhs or 36.41%.

## Tax Expenses

Our tax expenses for the six-month period ended September 30, 2022 was ₹ 63.34 Lakhs as compared to Nil for the six-month period ended September 30, 2021.

## Profit After Tax

Our profit after tax was ₹ 189.37 Lakhs for the six-month period ended September 30, 2022 to ₹ 397.39 Lakhs for the six-month period ended September 30, 2021, a decrease of ₹208.02 Lakhs or 52.35% for the reasons stated above.

## CASH FLOWS

The following table sets forth certain information relating to our cash flows:

(₹ in Lakhs)				
Particulars	September 30 2022*	March 31, 2022	March 31, 2021	March 31, 2020
		Restated		
Net Cash Flow from/ (used in) Operating Activities (A)	(2,069.93)	(687.77)	(637.90)	(398.91)
Net Cash Flow used in Investing Activities (B)	0.00	674.41	489.82	439.66
Net Cash Flow used in Financing Activities (C)	2,500.00	0	0	0
<b>Net increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>430.07</b>	<b>(13.36)</b>	<b>(148.07)</b>	<b>40.76</b>
Cash and cash equivalents at the beginning of the year/period	121.37	16.18	164.25	123.49
<b>Cash and cash equivalents at year/ period end</b>	<b>551.43</b>	<b>2.82</b>	<b>16.18</b>	<b>164.25</b>

*\*Unaudited Reviewed*

## Cash generated from Operating Activities

Net cash used in operating activities for the six month period ended September 30, 2022 was ₹ 2,069.93 Lakhs as compared to ₹ 521.48 Lakhs used in the six month period ended September 30, 2021. This difference is primarily on account of reduction in finance cost, reduction in the loss due to fair value change, increase in loans and advances and increase in financial liabilities.

Net cash used from operating activities for the year ended March 31, 2022 was ₹ (687.77) Lakhs as compared to the profit/(loss) before tax of ₹ 612.73 Lakhs for the same period. This difference is primarily on account of depreciation, finance costs, interest income, loss on sale of assets, impairment, adjustment for fair value on financial instruments through profit or loss, cash inflow from interest and cash outflow towards finance cost.

Net cash used in operating activities for the year ended March 31, 2021 was ₹ (637.90) Lakhs as compared to the profit/(loss) before tax of ₹ 326.10 Lakhs the same period. This difference is primarily on account of depreciation, finance costs, interest income, impairment and adjustment for fair value on financial instruments through profit or loss, cash inflow from interest and cash outflow towards finance cost.

Net cash used in operating activities for the year ended March 31, 2020 was ₹ (398.91) Lakhs as compared to the profit/(loss) before tax of ₹ (146.82) Lacs for the same period. This difference is primarily on account of depreciation, finance costs, interest income, impairment and adjustment for fair value on financial instruments through profit or loss, cash inflow from interest and cash outflow towards finance cost.

### **Net Cash used in Investing Activities**

Net cash used in investing activities for the six month period ended September 30, 2022 was Nil.

Net cash generated in investing activities for the year ended March 31, 2022 was ₹ 674.41 Lakhs. This was on account of purchase/sale of property, redemption of fixed deposits, proceeds from sale of tangible and intangible assets, purchase of investments measured at Fair Value through Profit and Loss and proceeds from sale of investment s measured at Fair Value through Profit and Loss.

Net cash generated in investing activities for the year ended March 31, 2021 was ₹ 489.82 Lakhs. This was on account of purchase/sale of property, redemption of fixed deposits, purchase of investments measured at Fair Value through Profit and Loss and proceeds from sale of investment s measured at Fair Value through Profit and Loss.

Net cash generated in investing activities for the year ended March 31, 2020 was ₹ 439.66 Lakhs. This was on account of purchase/sale of property, redemption of fixed deposits, purchase of investments measured at Fair Value through Profit and Loss and proceeds from sale of investment s measured at Fair Value through Profit and Loss.

### **Net Cash flow used in Financing Activities**

Net cash flows used in financing activities for the six month ended September 30, 2022 was ₹ 2,500 Lakhs which was on account of availing loan to the extent of ₹ 2500 Lakhs.

Net cash flows used in financing activities for the year ended March 31, 2022 was Nil. This was on account availing of loans and repayment of the same amount in the same year.

Net cash flows used in financing activities for the year ended March 31, 2021 was Nil. This was on account availing of loans and repayment of the same amount in the same year.

Net cash flows used in financing activities for the year ended March 31, 2020 was Nil. This was on account availing of loans and repayment of the same amount in the same year.

## **Contingent Liabilities**

We have no contingent liabilities as on March 31, 2022.

## **Off-Balance Sheet Arrangements**

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

**Credit Risk:** Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or other counterparties.

**Interest Rate Risk:** The Company is subject to interest rate risk, principally because it lends to customers at fixed interest rates and for periods that may differ from its funding sources, which bear fixed and floating rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors.

**Operational Risk:** Operational risks are risks arising from inadequate or failed internal processes, people and systems or external events. The internal control includes effective separation of functions, segregation of roles and responsibilities, reliance on the maker-checker concept, monitoring of exceptions, etc. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing policies and procedures to monitor transactions, maintaining necessary back-up procedures and undertaking contingency planning.

**Liquidity Risk:** Liquidity risk arises due to the unavailability of an adequate amount of funds to meet the Company's financial obligations at an appropriate price and tenure. The Company attempts to minimise this risk through a mix of strategies, including diversification of sources of funds, securitisation and assignment of receivables, fixing caps on short term funds and maintaining liquidity buffer.

**Business Risk:** The Company, being an NBFC, is exposed to various external risks which have a direct bearing on the sustainability and profitability of the Company. Foremost amongst them are Industry Risk and Competition Risk. The volatile macroeconomic conditions and change in sector dynamic in various commercial segments cause ups and downs in the business and may result in impairment of loan assets.

**Regulatory Risk:** It is the risk of change in-laws and regulations materially impacting the business. All the periodic guidelines issued by regulators including the RBI, SEBI, NHB, IRDA are fully adhered to and complied with by the Company. The Company strictly adheres to the Capital Adequacy, Fair Practices Code, Asset Classification and Provisioning Norms, submission of all required returns to the regulators with zero tolerance for non-compliance.

**Reputation Risk:** Reputational risk is the risk of possible damage to the company's brand and reputation, and the associated risk to earnings, capital or liquidity, arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent.

## **RELATED PARTY TRANSACTIONS**

For details of our related party transactions, see "Restated Financial Information - Related Party Transactions" on page 126 of this Draft Letter of Offer.

## **Qualitative Disclosure about Market Risk**

### **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 25 and page 144 respectively of this Draft Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

### **Unusual or Infrequent Events or Transactions**

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

### **Significant economic/regulatory changes**

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

### **Major changes in these factors can significantly impact income from continuing operations.**

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled “Risk Factors” on page 25 of this Draft Letter of Offer.

### **Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 25 and 144 respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

### **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

## **Competitive Conditions**

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths we will be able to stay competitive. For further details, kindly refer the chapter titled “Our Business” on page 71 of this Draft Letter of Offer.

## **Total Turnover of Each Major Business Segment**

We are operating only in one segment which is investment.

**New Product or Business Segment**

Except as disclosed in “Our Business” on page 71 of this Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

**Seasonality of Business**

Our Company’s business is not seasonal in nature.

**Significant dependence on a Single or Few Suppliers or Customers**

Other than as described in this Draft Letter of Offer, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

**Significant Developments since last balance sheet date**

To our knowledge no circumstances have arisen since September 30, 2022, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on January 31, 2023 together with a brief description of certain significant terms / material covenants of the relevant financing arrangements.

(₹ in Lakhs)

Nature of Borrowings	Principal Amount outstanding as on January 31, 2023
Unsecured Loan – Chartered Finance & Leasing Ltd., 2B, Grant Lane, 2 <sup>nd</sup> Floor, Bowbazer, Kolkata – 700 074, West Bengal, India	8395.00*

\* As certified by the Statutory auditors vide certificate dated February 01, 2023

### Details of Secured Loans -NIL

Name of Lender	Type of Loan	Date of Sanction	Principal amount outstanding as on January 31, 2023 (in ₹)	Interest per annum(%)	Security	Tenor / Repayment Schedule
NIL						

### Terms of the Unsecured Loan

Our Company has entered into an agreement for line of credit facility from Chartered Finance & leasing Limited dated August 08, 2022 for an amount of Rs. 300 Crore (Indian Rupees Three Hundred Crores only) at an interest rate of 7% per annum payable on quarterly basis for a tenure of 3 (three) years. The amount may be recalled by the lender in case of default by our Company.

## MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and being traded on the BSE

- Year is a Financial Year;
- 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;
- 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, as the case may be, for the year, or the month, as the case may be; and
- 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 closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below:

Financial Year	High (In ₹)	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low (In ₹)	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the Year
2020	20.00	31.10.2019	2156	43120	19.00	20.01.2020	39	741	19.525
2021	21.90	01.07.2020	81	1728	19.95	29.06.2020	150	2992	20.59
2022	977.25	17.03.2022	2401	2200388	21.00	12.04.2021	98	2058	285.55

(Source: [www.bseindia.com](http://www.bseindia.com))

Notes: High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

### Market Prices for the eight calendar months

The total number of days that the Equity Shares were traded on the BSE during the last 9 calendar months from April 01, 2022 to December 31, 2022 was 187. The average volume of the Equity Shares traded on the BSE were 664 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on BSE during the last Nine calendar months preceding the date of filing of this Draft Letter of Offer are as follows:

Month (2022)	High (In ₹)	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low (In ₹)	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the month
April	760.00	07.04.2022	405	291860	612.80	01.04.2022	53	410118	693.68
May	830.00	11.05.2022	1472	1187860	571.00	31.05.2022	452	261538	672.90
June	869.80	13.06.2022	940	786228	555.00	01.06.2022	119	71000	744.05
July	870.45	12.07.2022	267	220861	665.30	06.07.2022	612	430953	751.22

Month (2022)	High (In ₹)	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low (In ₹)	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the month
August	901.95	16.08.2022	1208	1071722	751.00	02.08.2022	316	254850	828.30
September	1144.85	21.09.2022	4188	4680094	740.05	09.09.2022	817	648445	881.12
October	1259.00	28.10.2022	1081	1291760	854.00	03.10.2022	194	165855	1057.65
November	1080.00	02.11.2022	3233	3283324	855.00	24.11.2022	1624	1459455	964.99
December	1032.85	21.12.2022	3803	3859814	835.00	15.12.2022	684	589481	921.72
January	1629.75	31.01.2023	2716	4362542	932.60	09.01.2023	426	409438	1213.95

(Source: [www.bseindia.com](http://www.bseindia.com))

*In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.*

The Board of our Company has approved the Issue at their meeting held on January 27, 2023. The high and low prices of our Company's shares as quoted on BSE on January 30, 2023, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (in ₹)	Highest Price (in ₹)	Lowest Price (in ₹)
January 30, 2023	1,66,43,710	1575.25	1530.00

(Source: [www.bseindia.com](http://www.bseindia.com))



## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claims related to direct and indirect taxes; and (iv) other pending litigations as determined to be material pursuant to the Materiality Policy in each case involving our Company, our Directors and our Promoter (“**Related Party**”). Further, there is no pending litigation involving our Group Companies, the adverse outcome of which may have a material impact on our Company.*

*Pursuant to the SEBI ICDR Regulations and the Materiality Policy adopted by our Board of Directors on December 20, 2022 for the purposes of disclosure, any pending litigation involving Related Parties other than criminal proceedings, actions by regulatory authorities and statutory authorities, including outstanding action, and tax matters, would be considered ‘material’ where:*

- i. the claim/dispute amount, to the extent quantifiable, not less than 10% of the total revenue of the Company, as per the last the last restated financial statements (“**Materiality Threshold**”) would be considered ‘material’ for disclosure of this Draft Letter of Offer; and*
- ii. the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but an outcome in any such litigation would materially and adversely affect the Company’s business, operations, cash flows, financial position or reputation of the Company.*

*It is clarified that pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by our Company, our Directors, our Promoters or our Subsidiaries, shall not be considered as litigation until such time that any of our Company and, our Director, as the case may be, is made a party to proceedings initiated before any court, tribunal or governmental authority or any judicial authority. Or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.*

*All terms defined in a particular litigation disclosure pertain to that litigation only.*

#### **I. Litigation involving our Company**

##### **A. Litigation filed against our Company**

###### **1. Criminal Proceedings**

NIL

###### **2. Material Civil Proceedings**

NIL

##### **B. Litigation filed by the Company**

###### **1. Criminal Proceedings**

NIL

###### **2. Material Civil Proceedings**

NIL

*C. Tax Proceedings*

NIL

*D. Actions outstanding with Regulatory or Statutory Authorities*

1. Our Company had applied for surrender of its trading membership to NSE and BSE vide letter dated March 25, 2014 and surrender of the certificate of registration as broker bearing number INE230646132 dated April 26, 2010 issued by SEBI to SEBI vide letter dated March 25, 2014. While the surrender was accepted by NSE, it was not accepted by SEBI and the application was returned along with letter dated April 02, 2018 stating that adjudication proceedings against our Company and its promoters namely Mr. Anil Kumar Bagri, Indra Kumar Bagri and Oasis Securities Limited were pending and applications for surrender of certificates of registrations could not be processed till the completions of such proceedings.

In respect to such pending adjudications SEBI passed an order dated July 30, 2020 (“**SEBI Order**”) imposing penalty of INR 50,00,000 (Rupees Fifty lakhs only) each on Nilesh Kapadia and Dharmesh Shah, INR 40,00,000 (Rupees Forty Lakhs only) on Ashok Nayak and INR 60,00,000 (Rupees Sixty Lakhs only) on our Company. Our Company approached Securities Appellate Tribunal (“**SAT**”) against the SEBI Order and received interim order dated October 07, 2020 staying the said SEBI order and ordered the Company to deposit a sum of INR 20,00,000 (Rupees Twenty Lakhs only) (“**Deposited Amount**”) in an interest-bearing account.

Further, our Company received the final order dated June 17, 2022 issued by the SAT dismissing the SEBI Order. SEBI subsequently refunded the Deposited Amount along with interest on August 12, 2022. Our Company has again approached BSE and NSE to surrender the trading membership of the exchange vide letter dated November 01, 2022 and October 31, 2022 respectively. The application is presently pending.

2. Our Company had received a show cause notice dated December 19, 2022 (“**Notice**”) from Employees’ Provident Fund Organization on stating that as the Company comes under the purview of Employee’s Provident Funds & Miscellaneous Provisions of Act, 1952 with effect from September 01, 2003 bearing the PF code No. MH/BAN/46823, we were required to remit the provident fund contributions and other allied dues in respective Employees’ Provident Fund (“**EPF**”) accounts on regular basis on our own and further it has been alleged that we have not remitted EPF and allied dues from April 2022 to till date and therefore our Company has been requested to produce certain records.

Further, our Company has been directed to clarify the reason of defaulting in payment of EPF and allied dues and remit the defaulted contribution. Our Company has filed reply to the Notice. The matter is presently pending.

3. Our Company had filed an application dated [•] with BSE for post-facto prior approval for change in shareholding pattern resulting in control and change in composition of designated directors in cash and equity derivative segments (“**Application**”). BSE approved the Application, however, pursuant to the provisions contained in Exchange Notice No. 130706/2002 dated 31st July, 2002 a fine of INR 1,00,000/- (Rupees One Lakh only) along with applicable tax has been levied on us. which had already been paid by us by NEFT.

Further, in this regard our Company is required to make application through designated exchange for applying to SEBI for obtaining prior approval for change in control to obtain the final approval from BSE and SEBI. The said application is pending to be filed.

**II. Litigations involving our subsidiary**

**A. *Litigation filed against our subsidiary***

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

**B. *Litigation filed by our subsidiary***

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

**C. *Tax Proceedings***

NIL

**D. *Actions outstanding with Regulatory or Statutory Authorities***

NIL

**III. Litigations involving our directors**

**A. *Litigation filed against our Directors***

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

**B. *Litigation filed by our Directors***

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

C. *Tax Proceedings*

NIL

D. *Actions outstanding with Regulatory or Statutory Authorities*

NIL

**Litigations involving our Promoters**

A. *Litigation filed against our Promoters*

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

B. *Litigation filed by our Promoters*

**1. Criminal Proceedings**

NIL

**2. Material Civil Proceedings**

NIL

C. *Tax Proceedings*

NIL

D. *Actions outstanding with Regulatory or Statutory Authorities*

NIL

**Confirmations**

There have been no past cases in which penalties have been imposed on the Company, its Subsidiaries, its Directors and its Promoters.

Our Company, Promoter, and our Directors have not been categorised or identified as Wilful Defaulter(s) or Fraudulent Borrower(s).

There has been no disciplinary action including penalty imposed by SEBI or Stock Exchanges against the Company, its Subsidiaries, its Directors and its Promoters during the last 5 financial years.

## OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As on March 31, 2022, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

Particulars	Amount (in ₹)
To MSMEs	Nil
To Others	1.61

\*

## STATEMENT OF MATERIAL DEVELOPMENTS

Except as stated below and in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since September 30, 2022, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

- Destination Properties Private Limited became a wholly owned subsidiary of the Company with effect from December 26, 2022 after 50,000 shares comprising the paid-up capital of Destination Properties Private Limited was acquired by our Company.

## SECTION IX - OTHER REGULATORY AND STATUTORY DISCLOSURES

### **Authority for the Issue**

The Board of Directors at its meeting held on January 27, 2023, have authorised this Issue pursuant to Section 62(1)(c) of the Companies Act, 2013.

Our Board of Directors / Rights Issue Committee has, at its meeting held on [●], determined the Issue Price as ₹[●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share for every [●] Equity Share held on the Record Date.

The Draft Letter of Offer was approved by the Rights Issue Committee (duly constituted by the Board in their meeting on December 20, 2022) pursuant to its resolution dated February 09, 2023.

Our Company has received 'in-principle' approval letter from BSE vide letter dated [●] for listing of the Rights Equity Shares to be allotted pursuant to Regulation 28(1) of SEBI Listing Regulations. Our Company will also make applications to BSE Limited to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 174 of this Draft Letter of Offer

### **Prohibition by SEBI or other Governmental Authorities**

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of the Promoter and the Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

### **Prohibition by RBI**

Neither our Company, nor our Promoter and Directors have been categorized or identified as willful defaulters or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

### **Compliance with Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

## **Eligibility for the Issue**

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on the BSE. We are eligible to undertake the Issue in terms of Chapter III of SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

## **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, 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 the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

## **DISCLAIMER CLAUSE OF SEBI**

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of the issue is less than ₹5000 lakhs.

## **Disclaimer from our Company and our Directors**

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.mkventurescapital.com](http://www.mkventurescapital.com) or the respective websites of an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding center.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.



### **Disclaimer in respect of Jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian law 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, Maharashtra only.

### **DISCLAIMER CLAUSE OF BSE**

As required, a copy of the Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Letter of Offer, has been included in the Letter of Offer prior to the filing with the Stock Exchange.

### **Designated Stock Exchange**

BSE being the only stock exchange where the Company's shares are listed, the Designated Stock Exchange for the purposes of the Issue is BSE.

### **Selling Restrictions**

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Draft Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer / Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this 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 the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

## **Listing**

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

## **NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.**

Neither our Company, nor any person acting on behalf of our Company, 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 behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form 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 under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer / Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and

our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

#### **NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

**NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. 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 ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.**

#### **Filing**

This Draft Letter of Offer is being filed with the BSE as per the provisions of the SEBI ICDR Regulations. SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchange.

#### **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

#### **Investor Grievances arising out of this Issue**

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a

copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see “*Terms of the Issue*” beginning at page 174 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

### **Registrar to the Issue**

#### **Link Intime India Private Ltd.**

C 101, 1st Floors, 247 Park,

L.B.S Marg, Vikhroli (West),

Mumbai-400083, Maharashtra, India

**Tel:** +91 22 810811 4949, Fax: +91 22 49186060

**Email:** [mkventures.rights@linkintime.co.in](mailto:mkventures.rights@linkintime.co.in)

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

**Contact Person:** Mr Sumeet Deshpande

**SEBI Registration Number:** INR000004058

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/post-Issue related matters such as non-receipt of Letters of Allotment / share certificates / demat credit / Refund Orders etc.

Sanket Rathi is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder:

11<sup>th</sup> Floor, Express Towers,

Ramnath Goenka Marg,

Nariman Point,

Mumbai – 400 021, Maharashtra

**Tel:** + 91 22 6267 3701

**Email:** [info@mkventurescapital.com](mailto:info@mkventurescapital.com)

### **Consents and Expert Opinion**

Consents in writing of: our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, legal advisor to the Issue and the Registrar to the Issue 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.

Our Company has received written consent dated January 31, 2023 from our Statutory and Peer Review Auditor, namely ARSK & Associates., Chartered Accountants for inclusion of their examination report dated January 31, 2023 on our Restated Financial Information for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020; and to the limited review report dated November 12, 2022 on the unaudited financial statements for the six-month period ended September 30, 2022; and to include their name in this Draft Letter of Offer and as an ‘Expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to the Statement of Tax Benefits dated January 31, 2023 in the form and context in which it appears in this Draft Letter of Offer. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

### **Performance vis-à-vis objects – Public/Rights Issue of our Company**

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

**Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates**

None of our Subsidiaries or associate companies are listed as on date of this Draft Letter of Offer.

**Stock Market Data of the Equity Shares**

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchange, please refer to the chapter titled “Market Price Information” on page 159 of this Draft Letter of Offer.

## TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Circulars SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncees) shall make an application for a rights issue only through ASBA facility.*

### OVERVIEW

The Issue and 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, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association of our Company, the provisions of Companies Act, the terms and conditions as may be incorporated in the FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

#### Important:

#### I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI (ICDR) Regulations, and the ASBA Circular, our Company will send/dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (**‘Issue Materials’**) only to the Eligible Equity Shareholders who have provided an India address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the India addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses and have made a request in this regard.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at [www.mkventurescapital.com](http://www.mkventurescapital.com);
- b) the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in); and
- c) the Stock Exchange at [www.bseindia.com](http://www.bseindia.com);

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.mkventurescapital.com](http://www.mkventurescapital.com)).

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

**Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit. Resident Eligible Equity Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.**

The distribution of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. 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 Letter of Offer is being filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

**Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail address and an Indian address to our Company.**

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

## II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

***In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.***

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense account, as applicable. For further details on the Rights Entitlements and demat suspense account, please see “*Terms of Issue—Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 188 of this Draft Letter of Offer

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense account in case of resident Eligible Equity Shareholders holding shares in physical form as at Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- ii) the requisite internet banking.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see “*Terms of Issue—Grounds for Technical Rejection*” on page 183 of this Draft Letter of Offer. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - please see “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 179 of this Draft Letter of Offer.



### ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- v) renounce its Rights Entitlements in full.

### ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar 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.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

*Do's for Investors applying through ASBA:*

- a. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- b. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.
- c. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- d. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- f. Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- g. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- h. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form 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 Application Form and the Rights Entitlement Letter.
- i. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

*Don'ts for Investors applying through ASBA:*

- a. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- c. Do not send your physical Application to the Registrar, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- d. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- e. Do not submit Application Form using third party ASBA account.

### ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar or the Stock Exchange. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilise the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being MKVentures Capital Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as at Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹[●]per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, 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;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at [mkventures.rights@linkintime.co.in](mailto:mkventures.rights@linkintime.co.in); and
17. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “*Restrictions on Purchases and Resales*” on page 206 of this Draft Letter of Offer, and shall include the following:

*“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” on page 206 of the Letter of Offer.*

*I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in).

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The remaining procedure for Application shall be same as set out in “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 179 of this Draft Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as at the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

#### ***Application for Additional Rights Equity Shares***

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. 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 finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Terms of Issue—Basis of Allotment*” on page 197 of this Draft Letter of Offer.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.**

#### ***Additional general instructions for Investors in relation to making of an Application***

- a) Please read the Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regards 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 Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 179 of this Draft Letter of Offer.
- d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications 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 for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSB, 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 any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

- j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. The investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. 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.
- l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Rights Equity Shares applied by them do not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit multiple Applications.
- s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
- t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

### ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

- a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

- c) Sending an Application to our Company, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- f) Account holder not signing the Application or declaration mentioned therein.
- g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j) Applications by 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.
- k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- o) If an Investor is (a) debarred by SEBI; 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 Entitlements.
- p) Applications which: (i) appear to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r) Application from Investors that are residing in U.S. address as per the depository records.



### ***Multiple Applications***

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see “*Terms of Issue—Procedure for Applications by Mutual Funds*” on page 187 of this Draft Letter of Offer.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of our Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure*” on page 49 of this Draft Letter of Offer.

### ***Procedure for Applications by certain categories of Investors***

#### ***Procedure for Applications by FPIs***

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100% under automatic route).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, inter alia, the following conditions:

- a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

#### ***Procedure for Applications by AIFs, FVCIs, VCFs and FDI route***

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the 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. Further, 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.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any Allotments made by relying on such approvals.

#### ***Procedure for Applications by NRIs***

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

### ***Procedure for Applications by Mutual Funds***

A separate application can be made in respect of each scheme of an Indian mutual fund registered with 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 Non-Banking Financial Companies (“NBFC-SI”)***

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth 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.

### ***Last date for Application***

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], 2023, i.e., Issue Closing Date. Our Board or any committee thereof 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 (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “*Terms of Issue—Basis of Allotment*” on page 197 of this Draft Letter of offer.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

### ***Withdrawal of Application***

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

### ***Disposal of Application and Application Money***

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our 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 will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. 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 / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 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 Application Form carefully.

### **III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS**

#### ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as at the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar ([www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.mkventurescapital.com](http://www.mkventurescapital.com)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar [www.linkintime.co.in](http://www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense account (namely, “[●] RE Suspense Account”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●], 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

#### **IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT**

##### ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

##### ***Renunciation of Rights Entitlements***

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer. In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

### ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

### **Payment Schedule of Rights Equity Shares**

₹[●]per Rights Equity Share (including premium of ₹[●]per Rights Equity Share) shall be payable on Application.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

#### ***a) On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock-broker in the same manner as the existing Equity Shares.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●]2023 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] band indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on ‘T+1 rolling settlement basis’, where ‘T’ refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

**b) Off Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

**V. MODE OF PAYMENT**

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalisation of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

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.

### ***Mode of payment for Resident Investors***

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

### ***Mode of payment for Non-Resident Investors***

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, 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.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

## **VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE**

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see “*The Issue*” on page 42 of this Draft Letter of Offer.

### ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●] the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment



of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the 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 application forms shall be non-negotiable.

### ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

### ***Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 514238) under the ISIN: INE874A01010. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

### ***Subscription to this Issue by our Promoters and members of our Promoter Group***

Our promoter does not intend to subscribe to his entitlement in this rights issue.

### ***Rights of Holders of Rights Equity Shares***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- a) The right to receive dividend, if declared;
- b) The right to receive surplus on liquidation;
- c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## **VII. GENERAL TERMS OF THE ISSUE**

### ***Market Lot***

The Rights Equity Shares shall be tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

### ***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 the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

### ***Nomination***

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment 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 the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

### ***Arrangements for Disposal of Odd Lots***

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

## ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered Office is located).

This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

### ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at ([www.linkintime.co.in](http://www.linkintime.co.in)). It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchange. Further, Application Forms will be made available at Registered Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to [mkventures.rights@linkintime.co.in](mailto:mkventures.rights@linkintime.co.in).

## ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALISED FORM

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 198 OF THIS DRAFT LETTER OF OFFER.**

### VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

\* Our Board or a duly authorised committee thereof 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 (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., [●]). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or

Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

## **IX. BASIS OF ALLOTMENT**

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, 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 are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or its Rights Issue Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

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 Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

## **X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS**

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 (Four) days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 (Four) days’ period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

## **XI. PAYMENT OF REFUND**

### ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- a) Unblocking amounts blocked using ASBA facility.
- b) **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 RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“**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 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.

- c) **National Electronic Fund Transfer (“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 at 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.
- d) **Direct Credit** – Investors having bank accounts with the Bankers 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.
- e) **RTGS** – If the refund amount exceeds ₹2,00,000, 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 Application Form. In the event the same is not provided, refund shall be made through NACH 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.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

#### ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## **XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES**

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

#### ***Receipt of the Rights Equity Shares in Dematerialised Form***

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE.**

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the

Investors to hold and trade in the securities issued by our Company in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated August 05, 2003 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated July 08, 2003 amongst our Company, CDSL and the Registrar to the Issue.

***Note : Our Company is the process of entering into a new agreement with NSDL and CDSL pursuant to the change in name and the change in Registrar and Share Transfer Agent.***

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. 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 Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-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 Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar 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.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. 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.



### **XIII. IMPERSONATION**

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 ₹0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

### **XIV. UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilised out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilised monies out of this Issue referred to under (A) above, if any, 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.

### **XV. UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- 1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.
- 3. The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant 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.
5. In case of unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications.
7. As of the date of this Draft Letter of Offer, our Company had not issued any outstanding compulsorily convertible debt instruments. Further, except as disclosed in this Draft Letter of Offer, our Company has not issued any outstanding convertible debt instruments.
8. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

#### **XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS**

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed “**MKVentures Capital Limited– Rights Issue**” on the envelope and postmarked in India) to the Registrar at the following address:

**Link Intime India Private Ltd.**

C 101, 1st Floors, 247 Park,  
L.B.S Marg, Vikhroli (West),  
Mumbai-400083, Maharashtra, India  
**Tel:** +91 22 810811 4949, Fax: +91 22 49186060

**Email:** [mkventures.rights@linkintime.co.in](mailto:mkventures.rights@linkintime.co.in)

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

**Contact Person:** Mr Sumeet Deshpande

**SEBI Registration Number:** INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar ([www.linkintime.co.in](http://www.linkintime.co.in)). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 810 811 4949
4. The Investors can visit following links for the below-mentioned purposes:
  - a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: [www.linkintime.co.in](http://www.linkintime.co.in)

- b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: [www.linkintime.co.in](http://www.linkintime.co.in)
- c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.linkintime.co.in](http://www.linkintime.co.in)
- d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: <https://www.linkintime.co.in>

This Issue will remain open for a minimum 7 (Seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will not be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs through the FDI Circular 2020 (defined below).

The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as at October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under the FEMA Rules will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the

adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## RESTRICTIONS ON PURCHASES AND RESALES

### Eligibility and Restrictions

#### *General*

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that the Letter of Offer will be filed with the Stock Exchange and submitted to the SEBI for information and dissemination.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into: (i) the United States, or (ii) any jurisdiction other than India except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone: (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer and any other Issue Materials 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 re-distributed. Accordingly, persons receiving a copy of the Letter of Offer and any other Issue Materials should not distribute or send the Letter of Offer or any such documents in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India except in accordance with applicable law.

The Letter of Offer is, and the other Issue Materials will be, supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

#### *Australia*

The Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (“**Australian Corporations Act**”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The Letter of Offer is not a disclosure document under Chapter 6D of the Corporations Act of Australia and it has not been lodged with the Australian Securities and Investments Commission (“**ASIC**”) and no steps have been taken to lodge it as such with ASIC. It is not required to, and does not, contain all the information which would be required in a disclosure document.

Any offer in Australia of the Rights Entitlements and Equity Shares under the Letter of Offer may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Australian Corporations Act), to “professional investors” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of the Letter of Offer, and any offers made under the Letter of Offer, you represent to the Issuer that you will not provide the Letter of Offer or communicate any offers made under the Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or the Equity Shares for, any Australian residents unless they are a “sophisticated investor” or a “professional investor” as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Equity Shares should observe such Australian on-sale restrictions.

### ***Bahrain***

The Letter of Offer and the Rights Entitlements and the Rights Equity Shares that are offered pursuant to the Letter of Offer have not been registered, filed, approved or licensed by the Central Bank of Bahrain (“CBB”), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism (“MOICT”) or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in the Letter of Offer, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. The Letter of Offer is only intended for Accredited Investors as defined by the CBB. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Equity Shares and the Letter of Offer will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. All marketing and offering of the Rights Equity Shares shall be made outside the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved the Letter of Offer and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of Rights Equity Shares.

### ***British Virgin Islands***

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares has been or will be made to the public in the British Virgin Islands.

### ***China***

No action has been taken by our Company which would permit an offering of Rights Entitlements or the Rights Equity Shares or the distribution of the Letter of Offer in the People's Republic of China (“PRC”). The Letter of Offer may not be circulated or distributed in the PRC and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or

otherwise. Persons who come into possession of the Letter of Offer are required to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

### ***Cayman Islands***

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

### ***European Economic Area***

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), an offer to the public of any Rights Entitlement or Rights Equity Shares may not be made in that Relevant State, except if the Rights Entitlement or Rights Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- a) to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to Article 23 of the Prospectus Regulation. The Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this subsection, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares.

### ***Hong Kong***

The Rights Entitlements and the Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### ***Japan***

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “**FIEA**”) and



disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares are, directly or indirectly, being offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the “Qualified Institutional Investor”), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to a small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree is a Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investor (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any Qualified Institutional Investor purchasing Rights Equity Share agree that it will not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident other than to another Qualified Institutional Investor.

### ***Kuwait***

The Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

### ***Mauritius***

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. The Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

### ***Singapore***

The Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (“**SFA**”). The offer of Rights Entitlements and Rights Equity Shares pursuant to the Rights Entitlements to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

Eligible Equity Shareholders in Singapore may apply for additional Rights Equity Shares over and above their Rights Entitlements only (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) if they are a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than SGP\$ 200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***United Kingdom***

No Rights Entitlement or Rights Equity Shares may be offered in the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Rights Entitlement and Rights Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that our Company may make an offer to the public in the United Kingdom of Rights Entitlement and Rights Equity Shares at any time:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the

Rights Entitlement or Rights Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Except for each person who is not a qualified investor as defined in the UK Prospectus Regulation and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a qualified investor as defined in the UK Prospectus Regulation.

In addition, the Letter of Offer may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (each such person being referred to as a “**Relevant Person**”). If you are not a Relevant Person, you should not take any action on the basis of the Letter of Offer and you should not act or rely on it or any of its contents. Except for each person who is not a Relevant Person and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Relevant Person.

#### ***United Arab Emirates (excluding the Dubai International Financial Centre)***

The Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “UAE”) or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. The Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

#### ***Dubai International Financial Centre***

The Rights Entitlement and the Rights Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an “Exempt Offer” in accordance with the Markets Rules (MKT) (the “**Markets Rules**”) adopted by the Dubai Financial Services Authority (the “**DFSA**”); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has not approved the Letter of Offer nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this subsection have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Rights Equity Shares offered in the Offer should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Letter of Offer, you should consult an authorised financial adviser.

#### ***United States***

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within

the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. The Rights Entitlements and the Rights Equity Shares are only being offered and sold outside the United States in offshore transactions, as defined in and in compliance with Regulation S. Neither the receipt of the Letter of Offer nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholders who has received the Letter of Offer and its accompanying documents directly from our Company.

### **Representations, Warranties and Agreements by Purchasers**

In addition to the applicable representations, warranties and agreements set forth above, each purchaser, by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted, acknowledged and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
2. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
3. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
4. The purchaser acquiring the Rights Equity Shares for one or more managed accounts, represents and warrants that the purchaser has been authorized in writing, by each such managed account to acquire the Rights Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference herein to ‘the purchaser’ to include such accounts.
5. The purchaser is eligible to invest in India under applicable law, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. Further, the purchaser is eligible to invest in and hold the Rights Equity Shares in accordance with the FDI Policy, read along with the press note 3 of 2020 dated April 17, 2020 issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.
6. The purchaser is investing in the Rights Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in the Issue, the purchaser is not in violation of any

applicable law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013, each as amended and/or substituted from time to time.

7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with the Stock Exchange and its submission with the SEBI for information and dissemination); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements (except in India) or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in 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, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in the Issue.
9. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to us and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and the Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (including any research reports) (other than, with respect to our Company and any information contained in the Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
11. Without limiting the generality of the foregoing, the purchaser acknowledges that the Equity Shares are listed on BSE Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent financial results, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes the "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

12. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with the Issue, and the Rights Entitlements or the Rights Equity Shares, including the Letter of Offer and the Exchange Information, has been prepared solely by our Company.
13. The purchaser acknowledges that no written or oral information relating to the Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by our Company.
14. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, undertakings and agreements and other information contained in the Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under applicable securities laws.
15. The purchaser is aware that the Rights Entitlements and the Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to the purchaser was made in accordance with Regulation S.
16. The purchaser was outside the United States at the time the offer of the Rights Entitlements and Rights Equity Shares was made to it and the purchaser was outside the United States when the purchaser's buy order for the Rights Equity Shares was originated.
17. The purchaser did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).
18. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If, in the future, the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares: (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.
19. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for, and authorized to consummate the purchase of, the Rights Equity Shares in compliance with all applicable laws and regulations. If the purchaser is outside India:
  - a. the purchaser, and each account for which it is acting, satisfies: (i) all suitability standards for investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe, and is subscribing, for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence; and
  - b. the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
20. Except for the sale of Rights Equity Shares on the Stock Exchange, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the

executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.

21. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company for all or part of any such loss or losses it may suffer.
22. Each of the aforementioned representations, warranties, acknowledgements and agreements shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Rights Equity Shares. The purchaser shall hold our Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties, acknowledgements and agreements set forth above and elsewhere in the Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
23. The purchaser acknowledges that our Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to our Company, and are irrevocable.
24. The purchaser agrees that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Bhopal, Madhya Pradesh, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Letter of Offer and other Issue Materials.

## SECTION VIII: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

*The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available for inspection at the corporate office of the Company till the issue closing date on working days and working hours between 11:00 A.M. to 5:00 P.M. and also shall be available on the website of the Company at [www.mkventurescapital.com](http://www.mkventurescapital.com) from the date of this Draft Letter of Offer until the Issue Closing Date.*

Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to [info@mkventurescapital.com](mailto:info@mkventurescapital.com)

#### 1. Material Contracts for the Issue

- (i) Issue Agreement dated February 02, 2023 between our Company and the Lead Manager.
- (ii) Registrar Agreement dated [●] entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank.

#### 2. Material Documents

- (i) Certified true copies of the Certificate of Incorporation, the Memorandum of Association and the Articles of Association of our Company as amended from time to time.
- (ii) Resolution of the Board of Directors dated January 27, 2023 in relation to the approval of this Issue.
- (iii) Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio
- (iv) Resolution of the Rights Issue Committee dated February 09, 2023 approving and adopting the Draft Letter of Offer.
- (v) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- (vi) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory and Peer Review Auditor, Legal Advisor, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (vii) Copies of Annual Reports of our Company for Financial years 2022, 2021 and 2020.
- (viii) The examination reports dated January 31, 2023 of the Statutory Auditor, on our Company's Audited Financial Statements, included in this Draft Letter of Offer.
- (ix) Statement of Tax Benefits dated January 31, 2023 from the Statutory Auditor included in this Draft Letter of Offer.
- (x) Tripartite Agreement dated August 05, 2003 between our Company, NSDL and the Registrar to the Issue.



- (xi) Tripartite Agreement dated July 08, 2003 between our Company, CDSL and the Registrar to the Issue.
- (xii) In principle listing approval dated [●] issued by BSE Limited.

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 relevant statutes.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

**MADHUSUDAN MURLIDHAR  
KELA**  
(Managing Director)

Sd/-

**SUMIT BHALOTIA**  
(Non-Executive Director)

Sd/-

**SANJAY MALPANI**  
(Independent Director)

Sd/-

**SWATI DUJARI**  
(Independent Director)

Sd/-

**RASHMEE PURUSHOTTAM  
MEHTA**  
(Chief Financial Officer)

**Place:** Mumbai

**Date :** 09.02.2023