



SOBHAGYA MERCANTILE LIMITED

Sobhagya Mercantile Limited (“Company” or “Issuer”) was incorporated as “a public limited company at Mumbai on December 27, 1983, under the Companies Act, 1956 and a Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai. Thereafter our Company obtained a Certificate of Commencement of Business on January 21, 1984. Our Registered Office has been shifted from 1/25 & 1/26, 1st Floor, Tardeo Air Conditioned Market Society, Tardeo Road, Mumbai-400 034., Maharashtra to the current address on 09.08.2019. For details of changes in the registered office of our Company, refer chapter titled “General Information” on page 44 of this Draft Letter of Offer.

Registered Office: B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra
Tel: +91 22 22882125 **Fax:** N.A.

Corporate Office : 526, 1st Floor Bhangdiya House, Near Getwell Hospital, Dhantoli, Nagpur 440 012, Maharashtra Tel: +91 712 2460120

Contact Person: Mrs. Shaline Singh, Company Secretary and Compliance Officer

E-mail: shalinee.s@themksgroup.com; **Website:** www.sobhagya ltd.com

Corporate Identification Number: L45100MH1983PLC031671

OUR PROMOTERS : SHRIKANT BHANGDIYA; MANISHA OMPRAKASH MANYAR; MEGHA MITESH BHANGDIYA; AARTI SHRIKANT BHANGDIYA AND SONAL KIRTIKUMAR BHANGDIYA

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SOBHAGYA MERCANTILE 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 ₹ 1900.00 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 167 OF THIS DRAFT LETTER OF OFFER.

*Assuming full subscription with respect to Rights Equity Shares

related 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	[●]	[●]	[●]
Total	10.00	[●]	[●]

* For further details on Payment Schedule, see “Terms of the Issue” on page 167 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 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 Draft Letter of Offer. Specific attention of the investors is invited to the section titled “Risk Factors” on page 23 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>Mark Corporate Advisors Private Limited 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057. Maharashtra Tel. No.: +91 22 2612 3207/08 E-Mail id: info@markcorporateadvisors.com Website: www.markcorporateadvisors.com Contact Person: Mr Niraj Kothari SEBI Reg. No.: INM000012128</p>	<p>Purva Share Registry (I) Private Limited 9 Shiv Shakti Industrial Estate, J.R. Boricha Marg, Near Lodha Excelus, Lower Parel (E), Mumbai, 400011, Maharashtra Tel No: +91 22 4961 4132 / 3199 8810 Email: newissue@purvashare.com Website: www.purvashare.com Contact Person: Ms Deepali Dhuri SEBI Registration Number: INR000001112</p>

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES 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 Draft Letter of Offer”, “Restated Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 19, 94 59, 156 and 167 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 “Sobhagya”	Sobhagya Mercantile Limited, a public limited company incorporated under the Companies Act, 1956 whose registered office is situated at B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra.
“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, Joshi & Shah., Chartered Accountants
Board of Directors, or Board or our Board	The Board of Directors of our Company or any duly constituted committee thereof.
Corporate Office	The Corporate Office of our Company situated at 526, 1 st Floor, Bhangdiya House, Near Getwell Hospital, Dhantoli, Nagpur 440 012, Maharashtra
Director(s)	The director(s) on our Board, as disclosed in “Our Management” on page 83 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. Anil Khawale
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 83 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 83 of this Draft Letter of Offer.
Managing Director	The Managing Director of our Company Mr Shrikant Bhangdiya
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.
Promoters	The promoter of our Company, being Shrikant Bhangdiya, Manisha Omprakash Maniyar, Megha Mitesh Bhangdiya, Aarti Shrikant Bhangdiya and Sonal Kirtikumar Bhangdiya.
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 B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra.
Rights Issue Committee	The Rights issue committee of our Board constituted through the resolution of the Board dated August 12, 2023.
Restated Financial Statements	Our restated Ind AS summary statement of assets and liabilities as at March 31, 2023, March 31, 2022 and as at March 31, 2021 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, 2023, March 31, 2022 and March 31, 2021 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, 2023, March 31, 2022 and March 31, 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 currently do not have any subsidiary
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 three-month period ended June 30, 2023

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

Term	Description
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
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

Term	Description
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 167 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.
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 11 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 October 11, 2023 between our Company and the Lead Manager, i.e. Mark Corporate Advisors Private Limited
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 ₹ 1900.00 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 ₹ 1900.00 Lacs* <i>*Assuming full subscription with respect to Rights Equity Shares</i>
Lead Manager	Mark Corporate Advisors Private Limited
Letter of Offer	The Letter of Offer dated [●] to be filed with the Stock Exchange and SEBI

Term	Description
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
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 October 13, 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	Purva Shareregistry India Private Limited
Registrar to the Issue	Purva Shareregistry 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

Term	Description
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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpis=yes&intmId=34
Stock Exchange	Stock exchange where the Equity Shares are presently listed, being BSE Limited
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
BOT	Build-Operate-Transfer. This includes projects undertaken on a BOT (toll) basis, BOT (annuity) basis and HAM basis
DBFOT	Design, Build, Finance, Operate and Transfer
EPC	Engineering, procurement and construction
MORTH	Ministry of Road Transport and Highways
MS	Mild Steel
NH	National Highway
NHAI	National Highways Authority of India
NHIDCL	National Highways Infrastructure and Development Corporation Limited
NIIF	National Investment and Infrastructure Fund
NA Order	Non Agricultural Order
PCC	Plain cement concrete
RCC	Reinforced cement concrete
RERA	Real Estate (Regulation and Development) Act, 2015
RMC	Ready Mix Concrete
ROB	Road Over Bridge

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ or Rs. or Rupees or INR	Indian Rupee
Adjusted EBITDA	Adjusted earnings before interest, taxes, depreciation, and amortisation

Term/Abbreviation	Description/ Full Form
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
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

Term/Abbreviation	Description/ Full Form
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / FY	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
GECL	Guaranteed Emergency Credit Line
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
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

Term/Abbreviation	Description/ Full Form
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
RLLR	Repo Linked Lending Rate
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
SCRR	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
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

Term/Abbreviation	Description/ Full Form
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.

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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 94 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 2021, March 2022 and March 2023 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 94 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	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.04	82.21	75.81	73.50
1 Euro	89.13	89.61	84.66	86.10

(Source: www.rbi.org.in and 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 23 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.

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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*” on pages 23, 76 and 137 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.

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SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft 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 Draft Letter of Offer, including “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigation and Defaults*” on pages 23, 54, 76 and 156 respectively.

SUMMARY OF INDUSTRY

Highway construction in India increased at 17.00% CAGR between FY16-FY21. Despite pandemic and lockdown, India has constructed 10,457 km of highways in FY22. Under the Union Budget 2023-24, the Government of India has allocated Rs. 2.7 lakh crore (US\$ 33 billion) to the Ministry of Road Transport and Highways. In FY23 (until December, 2022), the Ministry of Road Transport and Highways constructed national highways extending 6,318 kms. India had a total of 97,830 km of National Highways in 2014-15 which has expanded to 145,155 km by March 2023.

The Union Minister of State for Road, Transport and Highways has stated that the Government aims to boost corporate investment in roads and shipping sector, along with introducing business-friendly strategies, which will balance profitability with effective project execution. According to the data released by Department for Promotion of Industry and Internal Trade Policy (DPIIT), Cumulative FDI inflows in construction development stood at US\$ 26.3 billion between April 2000-December 2022. In FY22 (until November, 2021), the private sector invested Rs. 15,164 crore (US\$ 1.98 billion) in roads.

For further details, please refer to the chapter titled “*Industry Overview*” at page 65.

PRIMARY BUSINESS OF OUR COMPANY

We are in the business of construction of roads including National Highways, State Highways, District Roads, Smart Roads under PM’s Smart City Mission projects, Smart Roads under Municipal Corporations, in the State of Maharashtra. We bid for construction of Roads, Bridges and Industrial Area construction in the State of Maharashtra. We have recently decided to build an integrated steel factory in the State of Maharashtra. We have also been allotted a coal mine in Maharashtra recently and will be entering into coal mining activities. For further details, please refer to the chapter titled “*Our Business*” at page 76.

OUR PROMOTERS

The Promoters of our Company are Mr Shrikant Bhangdiya, Ms Manisha Omprakash Maniyar, Ms Megha Mitesh Bhangdiya, Ms Aarti Shrikant Bhangdiya and Ms Sonal Kirtikumar Bhangdiya.

OBJECTS OF THE ISSUE

Our Company intends to utilise the Net Proceeds from the Issue towards funding of the following objects:

Particulars	Estimated amount (up to) (₹ Lakhs)
Towards Working capital requirements	1500.00
General corporate purposes*	345.00
Total Net Proceeds**	1845.00

* The amount utilised for general corporate purpose shall not exceed 25% of the Gross Proceeds

For further details, please see “*Objects of the Issue*” on page 54.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTERS

Pursuant to letter dated October 12, 2023 our Promoters have confirmed that they intend to (i) subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters or other member(s) of our Promoter Group); (ii) subscribe to the Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other Promoters or any other member(s) of our Promoter Group, each as may be applicable; and (iii) their intention to apply for and subscribe to additional Rights Equity Shares and to any unsubscribed portion in this Issue, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations, at the time of Allotment.

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

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10 (4) (b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

Summary of Restated Financial Information

Following are the details as per the Restated Financial Information as at and for the Financial Years ended on March 31, 2021, March 31, 2022 and March 31, 2023 and unaudited limited reviewed results for the three – month period ended June 30, 2023:

(₹ in lakhs)

S. No.	Particulars	Unaudited Limited Review	Restated Financial		
		June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1.	Authorised Share Capital	500.00	500.00	500.00	500.00
2.	Paid-up Capital	24.00	24.00	24.00	24.00
3.	Net Worth attributable to Equity Shareholders	3,895.54	3,558.27	2,486.06	1,388.06
4.	Total Revenue	3,431.87	10,880.50	7,161.89	4,237.22
5.	Profit after tax	336.62	1,072.76	1095.94	790.78
6.	Earnings per Share (basic & diluted) (in ₹)	140.53	446.77	457.43	330.96
7.	Net Asset Value per Equity Share (in ₹)	1,623.14	1,482.61	1035.86	578.35
8.	Total Borrowings	738.11	678.24	201.01	658.96

For further details, please refer the section titled “*Restated Financial Information*” on page 94 of this Draft Letter of Offer.

SUMMARY OF OUTSTANDING LITIGATIONS

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	Nil	Nil
Tax Proceedings	2	167.04
Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
Labour Matters	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations above the materiality threshold	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

ii) Cases filed by our Company:

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

**To the extent quantifiable*

Litigations involving our Promoters / Directors

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters	Nil	Nil
Direct tax matters	6	129.71
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	1	Not quantifiable

**To the extent quantifiable*

For further details, please see “*Outstanding Litigation and Defaults*” on page 156.

RISK FACTORS

For details, please see “*Risk Factors*” on page 23. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

SUMMARY OF CONTINGENT LIABILITIES

There are no contingent liabilities as at the end of March 31, 2023.

SUMMARY OF RELATED PARTY TRANSACTIONS

For details regarding our related party transactions as per Ind AS 24 entered into by our Company in Fiscal 2023, please see “*Restated Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related party transactions*” on pages 94 and 137 respectively.

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 preceding the date of this Draft Letter of Offer.

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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, 76 and 137 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 17.

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.

INTERNAL RISK FACTORS

1. **We derive our revenue from infrastructure activities like building of roads and our financial condition would be materially and adversely affected if we fail to obtain new contracts or our current contracts are terminated.**

We are significantly dependent upon the infrastructure division (construction of roads) of our business. The revenue generated from our contracts with customers constitutes 40.08%, 20.54% and 0.08% of our total revenues for the Financial Years 2023, 2022 and 2021. The revenues generated from our infrastructure segment for the Financial Years 2023, 2022 and 2021 were ₹ 4,361.18 lakhs, ₹ 1,031.85 lakhs and ₹ 307.42 lakhs, respectively. We bid for projects on an ongoing basis and infrastructure projects are typically awarded by the Government of India or the State Government following a competitive bidding process and satisfaction of prescribed qualification criteria. There can be no assurance that we would be able to meet the eligibility criteria and in addition, we cannot assure you that we would bid where we have been qualified to submit a bid or that our bids, when submitted or if already submitted, would be accepted. Our business, growth prospects and financial performance largely depends on our ability to obtain new contracts, and there can be no assurance that we will be able to procure new contracts. Our future results of operations and cash flows may fluctuate from period to period depending on the timing of our contract. In the event we are unable to obtain new contracts, our business will be materially and adversely affected.

2. **Infrastructure projects are typically awarded to us on satisfaction of prescribed pre-qualification criteria and following a competitive bidding process. Our business and our financial condition may be adversely affected if new infrastructure projects are not awarded to us or if contracts awarded to us are prematurely terminated.**

Infrastructure projects are typically awarded to us following a competitive bidding process and satisfaction of prescribed technical and financial pre-qualification criteria. While track record, experience of project execution, service quality, health and safety records, qualified and experienced personnel, reputation and sufficiency of financial resources are important considerations in awarding contracts, there can be no assurance that we would be able to meet such technical and financial qualification criteria, whether independently or together with other joint venture partners. Further, once prospective bidders satisfy the pre-qualification requirements of the tender, the project is usually awarded on the basis of price competitiveness of the bid. We generally incur costs in the preparation and submission of bids, which are one-time, non-reimbursable costs. We cannot assure you that we would bid where we have been pre-qualified to submit a bid, or that our bids, when submitted or if already submitted, would result in projects being awarded to us.

Another factor which may impact the growth of our business is that our clients may terminate their construction agreements for reasons set forth in these agreements. If the client terminates any of our construction agreements, under the relevant agreement it is generally required to compensate us for the amount, depending on the valuation of the unpaid works and the timing of the termination in relation to the payment milestones associated with the respective projects, unless the agreement is terminated pursuant to applicable law or our breach of the terms of the agreement is material. Such compensation process is likely to be time consuming and the amount paid to us may not be fully compensated to us. We cannot assure you that we would receive such amounts on a timely basis or in an amount equivalent to the value of our investment plus our lost profits. While such instances have not occurred in the past, however an early termination of our contracts by our clients may adversely affect our business, results of operation and financial condition.

3. Our projects are exposed to various implementation and other risks, including risks of time and cost overruns, and uncertainties, which may adversely affect our business, financial condition, results of operations, and prospects.

The construction or development of infrastructure projects involves various implementation risks including construction delays, delay or disruption in supply of raw materials, delays in acquisition of land by our project clients, unanticipated cost increases, force majeure events, cost overruns, disputes with our joint venture partners, or delays in securing required licenses by our project clients, or making advance payments. We may be further subject to regulatory risks, financing risks and the risks that these projects may ultimately prove to be unprofitable.

Despite the escalation clauses in some of our construction contracts, our government clients may interpret the applicability of the escalation clauses in their favour and we may experience difficulties in enforcing such clauses to recover the costs we incurred in relation to the work performed as per the underlying contract. We may have to bear risks associated with any increase in actual costs for construction activities exceeding the agreed work. Further, while our contracts with our clients have clauses which allow us to seek extension of time for completing our projects, we may for unforeseen reasons, not be able to obtain extensions for projects and thereby face delays or time overruns. While there have not been any instances in the past, where we were not provided extension of time for completion of projects or where penalties were levied on account of delay, however, our project clients may, as per the agreed upon contractual terms, be entitled to invoke penalty provisions and/or terminate the contract in the event of delay in completion of the work if the delay is not on account of any of force majeure clauses or any agreed exceptions. With respect to some of our projects, in the event of termination for any of the aforesaid reasons, we may only receive partial payments under such agreements and such payments may be less than our estimated cash flows from such projects. If any or all of these risks materialize, we may suffer significant cost overruns or time overruns or even losses in these projects due to unanticipated increase in costs as a result of which our business, profits and results of operations will be materially and adversely affected.

4. Our business has been relatively concentrated in the State of Maharashtra consequently, we are exposed to risks emanating from economic, regulatory and other changes in these locations which we may not be able to successfully manage may adversely affect our business, financial condition, results of operations, and prospects.

Our project portfolio has been relatively concentrated in the State of Maharashtra. We generate our entire revenue from our projects which have been set-up in and around the State of Maharashtra. For the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our projects in and around Maharashtra contributed to 100% of our total revenue from operations. This concentration of business subjects us to various risks, including but not limited to:

- (i) regional slowdown in construction activities or reduction in infrastructure projects;
- (ii) vulnerability to change in laws, policies and regulations of the political and economic environment;
- (iii) perception by our potential customers that we are a regional construction company which hampers us from competing for large and complex projects at the national level; and
- (iv) limitation on our ability to implement the strategy to cluster projects in the states where we intend to conduct business.

The concentration of our operations heightens our exposure to adverse developments related to competition, as well as economic, political, demographic and other changes, which may adversely affect our business prospects, financial conditions and results of operations. While we strive to geographically diversify our project portfolio and reduce our concentration risk, we cannot assure you that adverse developments associated with the region will not impact on our business. If we are unable to mitigate the concentration risk, we may not be able to develop our business as planned and our business, financial condition and results of operation could be adversely affected.

5. *There have been instances of delayed disclosures under the SEBI (LODR) Regulations, 2015 by our Company in the recent past.*

There has been a delay in the filing of our unaudited results for the quarter ended June 2022 by 7 days under Regulation 33 of the SEBI (LODR) Regulations, 2015. The disclosure under Regulation 23(9) regarding Related Party Transactions has been made with a delay of one day on November 30, 2022 for the quarter ended September 30, 2022.

No show cause notice in respect to the above has been received by our Company, but a fine of Rs.20,000 has been levied by the BSE and paid by our Company. The occurrence of instances of delayed filings in future may impact our results of operations and financial position.

6. *There are certain legal proceedings involving our Company, Directors and Promoter, an adverse outcome in which, may have an adverse impact on our reputation, business, financial condition, results of operations and cash flows.*

Our Company, its Directors and Promoter are involved in certain legal proceedings, which if determined, against us could have adverse impact on the business and financial results of our Company. A brief detail of such outstanding litigations as on the date of this Draft Letter of Offer are as follows:

Litigations involving our Company

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	Nil	Nil
Tax Proceedings	2	167.04
Proceedings involving material violations of statutory regulations by our Company	Nil	Nil
Labour Matters	Nil	Nil
Economic offences	Nil	Nil
Material civil litigations above the materiality threshold	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	Nil	Nil
Direct Tax Matters	6	129.71
Indirect Tax Matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	Nil	Nil

**To the extent quantifiable*

Litigations involving our Promoters / Directors

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in Lakhs)
Criminal matters	Nil	Nil
Direct tax matters	1	113.52
Indirect tax matters	Nil	Nil
Other civil litigation considered to be material by our Company's Board of Directors	1	Not quantifiable

**To the extent quantifiable*

We cannot provide any assurance that these matters will be decided in our favour. Further, there is no assurance that legal proceedings will not be initiated against our Company, its Directors or Promoter in future. For further details on the outstanding litigation proceedings, see “Outstanding Litigation and Material Developments” on Page 156.

7. We may be exposed to liabilities arising from defects during construction of roads, which may adversely affect our business, financial condition, results of operations and prospects.

Actual or claimed defects in construction quality during the construction of our projects, could give rise to claims, liabilities, costs and expenses. Further, we may not be able to recover such increased costs from our project clients in part, or at all, for any defects observed in the projects or damage caused to the project on account of the fault of our workers. We may further face slight delays in the estimated project completion schedule in respect of such projects on account of additional works required to be undertaken towards rectifying such construction faults, and we may have to appoint additional workforce and resources in order to complete the project within the pre-determined time period, which may result in increased expenditure for our Company, which we may not be able to pass on to our project clients. While any of the aforementioned events which could materially impact our projects or business operations, have not occurred in the past, however we cannot assure you that any claims in respect of the quality of our construction will not arise in the future and would not affect our business or financial condition. In the event any material events which bring the quality of our services could impact our eligibility to bid for infrastructure projects and other projects may be affected, or in the event any defects in our construction of the roads trigger the extreme circumstances leading to termination or affect public interest, could lead to termination of our contracts blacklisting of our registration as a civil constructor and therefore could adversely affect our business operations and result of operations.

In addition, if there is a client dispute regarding our performance, the client may delay or withhold payment to us. If we were ultimately unable to collect these payments, our profits would be reduced. While there have not been any such instances in the past, however, these claims, liabilities, costs and expenses, if not fully covered, thus could have an adverse effect on our business, financial condition, results of operations, and prospects.

8. The construction and development of our infrastructure projects require the services of third parties, including service providers, suppliers and independent contractors, which entail certain risks.

For the purposes of construction and development of our infrastructure projects, we engage third parties such as architects, engineers, contractors and suppliers of labour and materials. We do not have direct control over the day-to-day activities of such contractors and are reliant on such contractors performing these services in accordance with our expectations and the relevant construction contracts. The time of completion and quality of construction of the projects that we develop depends, in part, on the availability

and skill of these third parties, as well as other contingencies affecting them, including labour and raw material shortages and industrial action such as strikes and lockouts. Any consequent delay in project execution could materially and adversely affect our business, prospects, financial condition, and results of operations. Additionally, if a contractor or supplier becomes insolvent, it may be impossible for us to recover compensation for any defective work undertaken or materials supplied, as applicable, by such third parties and we may incur losses as a result of funding the repair of the defective work or products or paying damages to persons who have suffered a loss as a result of such defective work products. Further, customarily, we do not enter into formal long term supply contracts with such third parties. However, any unexpected issues in our relationship with any such third party may require us to source services or materials from alternate sources, which we may not be able to do in a timely manner or on commercially viable terms, if at all, which may adversely affect our business and results of operations.

9. We are required to renew, maintain or obtain statutory and regulatory permits, licenses and approvals for our operations from time to time. Any delay or inability to obtain such approvals may have an adverse impact on our business.

We require certain statutory and regulatory permits, licenses and approvals to operate our business. We have made renewal applications for certain approvals or licenses that have expired. If we fail to obtain necessary approvals we require to operate, or if there is any delay in obtaining these approvals, our business and financial condition may be adversely affected. Further, these permits, licenses and approvals are subject to several conditions, and there is no assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals. Any interruption of our operations caused by our statutory and regulatory permits, licenses and approvals could adversely affect our business, prospects, financial condition and results of operations.

10. Our business activities are labour intensive and depend on availability of skilled and unskilled labourers in large numbers. In case of unavailability of such labourers and / or inability to retain such personnel or occurrence of any work stoppages, our business operations could be affected.

We operate in a labour-intensive industry and our contractors hire casual labour to work on our projects. In the event of a labour dispute, if our contractors are unable to successfully negotiate with the workmen or sub-contractors, it would result in work stoppages or increased operating costs. It may also be difficult to procure the required skilled workers for existing or future projects. In addition, we may also be liable for or exposed to sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors. Though we have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

- 11. 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 and financing activities in the past, the details of which are provided below:

Particulars	(₹ in lakhs)		
	March 31, 2023	March 31, 2022	March 31, 2021
	Restated		
Net Cash Flow from/ (used in) Operating Activities	(212.54)	(1448.50)	161.30
Net Cash Flow used in Financing Activities	(110.98)	(48.92)	5.04

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.

- 12. None of the employees of our Company are on the payroll of the Company and are employed through an agency with whom the Company has not entered into any formal agreement.**

The Company has not entered into any formal agreement with MKS Multimedia Private Limited. We currently have 39 employees and none of them are on the payroll of the Company and have been provided by MKS Multimedia Private Limited. These employees are essentially performing roles within the Company, even though they are on the payroll of MKS Multimedia Private Limited. In case MKS Multimedia Private Limited were to terminate this arrangement, we will have no employees on our rolls and this would affect our operations adversely.

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

We have in the course of our business entered into transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have adversely affect our business, prospects, financial condition and results of operations.

For details regarding our related party transactions as per Ind AS 24 entered into by our Company in Fiscal 2023, please see “*Financial Statements*”—*Related Party Transactions*” on page 120 of this Draft Letter of Offer.

- 14. We have not been paying dividends in the past and our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.**

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. We have not paid dividends in the past and there can be no assurance that our Company will declare dividends in the future also.

15. Our operations and our work force are exposed to various hazards and we are exposed to risks arising from construction related activities that could result in material liabilities, increased expenses and diminished revenues.

There are certain unanticipated or unforeseen risks that may arise in the course of property development due to adverse weather and geological conditions such as storm, hurricane, lightning, flood, landslide and earthquake. Additionally, our operations are subject to hazards inherent in providing architectural and construction services, such as the risk of equipment failure, impact from falling objects, collision, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage on our business, results of operations and financial condition.

16. Increases in the prices of construction materials, fuel, labour and equipment could have an adverse effect on our business, results of operations and financial condition.

The cost of construction materials, fuel, labour and equipment maintenance constitutes a significant part of our operating expenses. We are vulnerable to the risk of rising and fluctuating raw material prices, which are determined by demand and supply conditions in the global and Indian markets as well as government policies. Any unexpected price fluctuations after placement of orders, shortage, delay in delivery, quality defects, or any factors beyond our control may result in an interruption in the supply of such materials and adversely affect our business, financial performance and cash flows.

The steep increase in commodity and crude oil prices on account of global turmoil, the ongoing Russia-Ukraine war and high inflation could also increase input costs and impact profitability

While, our contracts always include escalation clauses covering any increased costs we may incur, we may suffer cost overruns or even losses in these projects due to unanticipated cost increases which may not be covered in the escalation clauses of these contracts. Despite the escalation clauses in some of our construction contracts, our government clients may interpret the applicability of the escalation clauses in their favour and we may experience difficulties in enforcing such clauses to recover the costs we incurred in relation to the work performed as per the underlying contract. As a result, our ability to pass on increased costs may be limited and we may have to absorb such increases which may adversely affect our business, financial condition and results of operations. We may also suffer significant cost overruns or even losses in these projects due to unanticipated cost increases resulted from force majeure events or unforeseen circumstances which are not covered under the escalation clauses, and consequently we may experience difficulties in enforcing such clauses to recover the incremental costs we incurred in relation to our projects. If any of these risks materialize, they could adversely affect our profitability, which may in turn have an adverse effect on our overall results of operation.

In addition, India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Any upward revision of the prescribed minimum wage or other benefits required to be paid to our workers (including in the event of injuries or death sustained in course of employment, dismissal or retrenchment) will result in the increase in cost of labour which we may be unable to pass on to our customers due to market conditions and also the pre agreed conditions of contract. This would result in us being required to absorb the additional cost, which may have a material adverse impact on our profitability. Further we also depend on third party contractors for the provision of various services associated with our business. Such third- party contractors and their employees/workmen may also be subject to these labour legislations.

17. Obsolescence, destruction, theft, breakdowns of our major plants or equipment or failures to repair or maintain the same may adversely affect our business, cash flows, financial condition and results of operations.

We seek to purchase plants and equipment built with the latest technologies and knowhow and keep them readily available for our construction activities through careful and comprehensive repairs and maintenance. However, while there have been no instances in the past of obsolescence of our plants or equipment, destruction, theft or major equipment breakdowns or failures to repair our major plants or equipment, we cannot assure that we will be immune from the associated operational risks such as the obsolescence of our plants or equipment, destruction, theft or major equipment breakdowns or failures to repair our major plants or equipment, which may result in their unavailability, project delays, cost overruns and even defaults under our construction contracts. While we have availed insurance policies to protect our Company against the risk of destruction, theft, breakdowns, repair or maintenance failures, our insurance coverage may not be adequate to cover all the risks to which our equipment and vehicles are exposed to, and may have an adverse effect our business, cash flows, financial condition and results of operations.

18. We operate in a competitive industry and our failure to successfully compete may adversely affect our business, financial condition and results of operations, and prospects.

The infrastructure sector is competitive and highly fragmented. We compete against various domestic engineering, construction and infrastructure companies for infrastructure projects. Some of our competitors may have larger financial resources or access to lower cost funds, or may have stronger engineering or technical capabilities in executing complex projects, or projects with certain specifications or in certain geographies. They may also benefit from greater economies of scale and operating efficiencies. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to be awarded a contract. The nature of the bidding process may cause us and our competitors to accept lower margins in order to be awarded the contract. In certain instances, certain competitors may choose to under-bid, which may adversely impact our market share, margins, revenues and financial condition. Whilst we have sufficient track record and experience in undertaking projects and such aforementioned events have not occurred in the past, however, if we are unable to bid for and win projects, whether large or small, or compete effectively with competitors, we may be unable to sustain or increase our volume of order intake.

Given the fragmented nature of the Indian infrastructure industry, we may not have adequate information about the projects our competitors are constructing. As we seek to diversify our regional focus, we may face competition from existing competitors as well as local infrastructure companies, who may have better market understanding and reputation in such geographies. These competitive factors may result in reduced revenues, reduced margins and loss of market share. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

19. Our promoter will continue to retain significant shareholding in our Company after the issue, which will enable them to exercise significant control over us.

After the completion of the Issue, our Promoter, will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and affect the outcome of shareholder voting. As a result, our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

20. The management of our Company is dependent upon our senior management, directors and key personnel.

We operate in an industry where the quality of our people is a critical asset. We benefit significantly from the vision, strategic guidance, experience and skills of several key members of our management team, which includes our Promoter, supported by the skills, efforts, expertise, continued performance and motivation of our Key Management Personnel, and other personnel. If any of our Promoter, Key

Management Personnel cease to be associated with our Company and we fail to recruit suitable replacements in a timely manner, our ability to manage our growth and our business, results of operations and prospects may be adversely affected.

21. Insurance coverage has not taken by our company, as a result of which the loss or destruction of our assets could have a material adverse effect on our financial condition and results of operations.

In relation to the projects under construction, we have not taken insurance policies which we believe are required, mainly to cover the risk of third party and other unforeseen events and also to cover the various labourers working on site. Such insurance policies are taken on the basis of estimated period of completion of the project and estimated costs and other projections. However, we cannot assure you that our company recover all our losses in case of any damage or adverse event. We may face uninsured risks to the extent of remaining assets of the company. Further, if we may suffer any losses, damages and liabilities in the course of our operations and in our project development. Any such uninsured losses or liabilities could result in a material adverse effect on our business operations, financial conditions and results of operations. Further, we may not carry insurance coverage for all our projects. We may have to bear the costs associated with any damage suffered by us in respect of these uninsured projects or uninsured events.

22. The Company has not entered into any formal arrangement for the occupancy of its registered office and corporate office. Any termination of this arrangement would adversely impact our business.

The premises on which the registered office of the Company is situated has been leased by our group company and provided by it for use without any consideration. We have obtained NOC from the lessor and the Group Company to use the property as its Registered Office. In the event our Group Company is not able 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.

The premises on which our corporate office is situated is provided by a relative of our Promoter. We have obtained NOC from the relative of our promoter to use the property. In the event the NOC is withdrawn or decides to terminate this arrangement, we may not be able to continue to use this premises as the corporate office, which may in turn lead to disruption in the business and administrative operations of the Company having an adverse effect on our business.

23. Conflict of interest may arise out of common business / similar business activities shared by our Company and our Promoter Group.

Some of our Group Entities and other entities in the Group are in the construction & Development business. As a result, there may be conflict of interests in allocating business opportunities between us and our Group Entities / other entities in the Group. We have also note entered into any non-compete agreements with any of our group entities. This could lead to a loss of business opportunity to our company and in turn could have an adverse effect on our revenues and results of our operations.

24. The steel industry is strictly regulated and we are required to comply with increasingly stringent environmental regulations.

We propose to set up a steel plant which is highly regulated and requires us to comply with the stringent environment regulations. Any non-compliance of the same could lead to the imposition of stiff penalties and this in turn could impact our reputation and profitability.

25. **Our logo is not registered as a trademark and we currently do not have any other registered trademarks and hence we may not be able to safeguard our company from any infringement or passing off.**

Our Company's logo 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

26. **Our Company has availed unsecured loans from related parties, which are callable in nature.**

As on March 31, 2023, our Company has outstanding unsecured loans aggregating to ₹ 104.78 lakhs, which have been extended by related parties which are callable in nature and can be recalled at any time by them. We cannot assure you that the lenders will not demand repayment of the unsecured loans extended to us. In the event, the lenders seek a repayment of any these unsecured loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to carry out the operations or complete our ongoing operations. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see "Financial Indebtedness" on page 153.

27. **There have been instances of delayed filing of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 2013 with the RoC by our Company.**

In the past, there have been instances of delay in filing of statutory forms as per the reporting requirements under the Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC by our Company. No show cause notice in respect of the above has been received by our Company till date and except as stated in this Letter of Offer, no penalty or fine has been imposed by any regulatory authority in respect of the same. The occurrence of instances of delayed filings in future may impact our results of operations and financial position.

28. **We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchanges and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.**

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make

certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

We believe, we are in compliance with rules and regulations imposed by the BSE and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure/ Non filing to the BSE or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

29. Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.

Our Company proposes to utilize the Net Proceeds for repayment of unsecured loan and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business.

30. The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter 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 utilization 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 utilization of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same.

31. 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.

32. 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 is very 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 entity.

If we are unable to adequately react to such developments, decreased demand for our products could result in a loss of revenues or a fall in profitability. The demand for our products 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. Our revenues could be severely reduced if we fail to adjust to a significant change in our clients' desire for, or access to, our 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.

33. There have been qualifications in the secretarial audit report and the Annual Secretarial Compliance Report issued by our secretarial auditor in the recent past.

During the financial years 2021-22 and 2022-23 our secretarial auditor has qualified the audit report by stating that there have been certain non-compliances of the LODR Regulations, which included a delayed submission of our quarterly financial results and imposition of fine. While no show cause notices have been received, we have paid a penalty of Rs. 20,000 for such non-compliance. The occurrence of such non-compliances or continued qualifications in the audit reports in future may impact our results of operations and financial position

34. The COVID-19 pandemic has had, and may in the future continue to have, and any similar pandemic situations that may arise in the future, may have a material adverse impact on our business, results of operations, financial condition and cash flows.

The global spread and unprecedented impact of the ongoing COVID-19 pandemic continues to create significant volatility, uncertainty and economic disruption. The pandemic has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including lockdowns, shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. These responsive measures have severely disrupted economic and commercial activity tied to the production and sale of goods, which have impacted supply chains and routes, and, as a result, supply chain companies such as ours have experienced uncertainty and volatility. The scope, duration, and frequency of the measures implemented and the adverse effects of COVID-19 remain uncertain and could be severe. If COVID-19 infection rates resurge and the pandemic intensifies and expands geographically, its negative impacts on our business, operating expenses, gross profit and gross margin could be more prolonged and may become more severe.

- 35. We have not commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data available on the internet and such 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 chapter titled “Industry Overview” of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such 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 Draft Letter of Offer. Further, the industry data mentioned in this Draft 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 Draft Letter of Offer in this context.

EXTERNAL RISK FACTORS

- 36. 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, 2023 and audited summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Financial Year 2023 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 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 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 Letter of Offer should accordingly be limited.

- 37. 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.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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.

43. 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

44. Our Company will not distribute the 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 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.

45. 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 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 167 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.

46. 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.

47. 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.

48. 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.

49. 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.

50. 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.

51. 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.

52. 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.

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

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

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SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by way of resolution passed by our Board on August 12, 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 Board of Directors at their meeting held on [●].

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 167.

Rights Equity Shares being offered by our Company	[●] Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹10 each
Issue Price	₹ [●] 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.
Issue Size	[●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of ₹ 1,900 lakhs* * <i>Assuming full subscription</i>
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari-passu</i> in all respects with the Equity Shares of our Company.
Fractional Entitlement	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.
Equity Shares issued, subscribed and paid up and outstanding prior to the Issue	2,40,000 Equity Shares issued subscribed and paid-up.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares)	[●] Equity Shares* * <i>assuming full subscription</i>
Security Codes for the Equity Shares	ISIN: INE754D01018 BSE Code: 512014
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details, please see “ <i>Terms of the Issue</i> ” on page 167.
Use of Issue Proceeds	For details, please see “ <i>Objects of the Issue</i> ” on page 54.

GENERAL INFORMATION

Our Company was originally incorporated as 'Sobhagya Mercantile Limited' at Mumbai on December 27, 1983 as a public limited company, under the Companies Act, 1956 and a Certificate of Incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai. Our company is in the infrastructure industry mainly in the business of construction of roads and infrastructure engineering consultancy.

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
09.08.2019	Change of the registered office address from 1/25 & 1/26, 1st Floor, Tardeo Air-Conditioned Market Society, Tardeo Road, Mumbai-400 034, Maharashtra to B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra

Registered Office of our Company

Sobhagya Mercantile Limited

B-61, Floor 6, Plot No: 210,
B-Wing Mittal Tower, Free Press Journal Marg,
Nariman Point,
Mumbai 400 021, Maharashtra

Tel: + 91 22 22882125 **Fax:** N.A

Email : shalinee.s@themksgroup.com

Website: www.sobhagyaltld.com

CIN: L45100MH1983PLC031671

Corporate Office of our Company

526, 1st Floor Bhangdiya House,
Near Getwell Hospital,
Dhantoli, Nagpur 440 012,
Maharashtra
Tel: +91 712 2460120

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
Shrikant Bhangdiya	39	Managing Director	Plot No: 20-2, H.No 526, Bhangdiya House, Near Getwell Hospital, Dhantoli, Patwardhan Ground, Nagpur – 440 012, Maharashtra	02628216
Sonal Bhangdiya	42	Director	Plot No: 20-2, H.No 526, Bhangdiya House, Near Getwell Hospital, Dhantoli, Patwardhan Ground, Nagpur – 440 012, Maharashtra	03416775
Prashantkumar Lahoti	58	Independent Director	8-2-585/1/B Road No: 10, Banjara Hills, Hyderabad - 500 034, Telengana,	00091140
Niresh Maheshwari	45	Independent Director	479, Gumasta Nagar, Indore – 452009, Madhya Pradesh	06735182

For detailed profile of our directors, please refer to the chapter titled “*Our Management*” on page 83 of this Draft Letter of Offer.

Chief Financial Officer

Mr Anil Khawale

B-61, Floor 6, Plot No: 210

B-Wing Mittal Tower, Free Press Journal Marg,

Nariman Point,

Mumbai 400 021, Maharashtra

Tel: + 91 22 22882125 **Fax:** N.A

Email : ark.ngp@gmail.com

Company Secretary and Compliance Officer

Mrs Shalinee Singh is the Company Secretary and Compliance Officer of our Company and her contact details are:

B-61, Floor 6, Plot No: 210,

B-Wing Mittal Tower, Free Press Journal Marg,

Nariman Point,

Mumbai 400 021, Maharashtra

Tel: + 91 22 22882125 **Fax:** N.A

Email : shalinee.s@themksgroup.com

Details of Key Intermediaries pertaining to this Issue:

Lead Manager to the Issue

Mark Corporate Advisors Private Limited

404/1, The Summit Business Bay,

Sant Janabai Road (Service Lane),

Off W. E. Highway, Vile Parle (East),

Mumbai-400 057.

CIN : U67190MH2008PTC181996

Tel. No.: +91 22 2612 3207/08

E-Mail ID: info@markcorporateadvisors.com

Investor grievance email id: investorgrievance@markcorporateadvisors.com

Website: www.markcorporateadvisors.com

Contact Person: Niraj Kothari

SEBI Reg. No.: INM000012128

Registrar to the Company / Issue

Purva Sharegistry (I) Private Limited

9 Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Near Lodha Excelus, Lower Parel (E),
Mumbai, 400011, Maharashtra
Tel No: +91 22 4961 4132 / 3199 8810
Email: newissue@purvashare.com
Website: www.purvashare.com:
Contact Person: Ms Deepali Dhuri
SEBI Registration Number: INR000001112

Legal Advisor to the Issue

Ms Pooja Sharma

8/14, Malad Co-op Hsg Soc Ltd,
Poddar Park, Malad (East), Mumbai- 400097
Tel No: +91 9022869773
Email Id: poojalegalventures@gmail.com

Statutory and Peer Review Auditor of our Company

M/s. Joshi & Shah,

Chartered Accountants (Firm Registration No. 144627W)
257, Gurunanak Motor Market,
Khotachi Wadi, V P Road, Prathana Samaj,
Charni Road, Mumbai - 400004
Email: joshijaydeep8@gmail.com
Tel No: +91 9429810731
Contact Person: Mr Jaydeep Joshi
Firm Registration Number: 144627W
Peer Review Certificate Number: 013248

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

Mark Corporate 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 October 12, 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 October 12, 2023 on our Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, and (ii) Statement of Special Tax Benefits dated October 12, 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

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.

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 167 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

The objects of this Issue involve: (i) to meet the working capital requirements of the Company and (ii) general corporate purposes. Further, our Promoters have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other members of our Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to this Issue. Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(₹ except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	Authorised Share Capital		
	50,00,000 Equity Shares of ₹10 each	500.00	
B	Issued Subscribed and Paid-up Share Capital Before the Issue		
	2,40,000 Equity Shares of ₹10 each	24.00	
C	Present Issue in terms of this Draft Letter Of Offer⁽¹⁾		
	Up to [●] Rights Equity Shares, at a premium of ₹[●] per Rights Equity Share, <i>i.e.</i> , at a price of ₹[●] per Rights Equity Share ⁽²⁾	[●]	Up to 1900.00
D	Issued, Subscribed and Paid-Up Share Capital after the Issue⁽³⁾		
	Up to [●] Equity Shares	[●]	
E	Securities Premium Account		
	Before the Issue	Nil	
	After the Issue	[●] ⁽³⁾	

^{(1) & (2)} The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated August 12, 2023.

⁽²⁾ On Application, Investors will have to pay [●] per Rights Equity Share which constitutes 100% of the Issue Price.

⁽³⁾ Assuming full subscription for and Allotment of the Rights Equity Shares.

NOTES TO CAPITAL STRUCTURE

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

Our Promoters have confirmed that they intend to: (i) subscribe, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters or other member(s) of our Promoter Group); (ii) subscribe to the Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other Promoters or any other member(s) of our Promoter Group, each as may be applicable; and (iii) their intention to apply for and subscribe to additional Rights Equity Shares and to any unsubscribed portion in this Issue, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations at the time of Allotment.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ / [●]- per equity share.

3. 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 June 30, 2023, 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	5	82,830	0	0	82,830	34.51	82,830	82,830	34.51	0	0	0	0	0	0	82,830
(B)	Public	157	1,57,170	0	0	1,57,170	65.49	1,57,170	1,57,170	65.49	0	0	0	0	0	0	1,43,320
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		162	2,40,000	0	0	2,40,000	100.00	2,40,000	2,40,000	100.00	0	0	0	0	0	0	2,26,150

i. The statement of the shareholding pattern of our Company as on June 30, 2023 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 rights	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	5	82,830	82,830	34.51	82,830	34.51	82,830
(B) Public	157	1,57,170	1,57,170	65.49	1,57,170	65.49	1,43,320
Grand Total	162	2,40,000	2,40,000	100.00	2,40,000	100.00	2,26,150

ii. Statement showing holding securities of persons belonging to the category Promoters and Promoter Group” as at June 30, 2023:

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
A1) Indian							
a. Individuals/ Hindu Undivided Family	5	82,830	82,830	34.51	82,830	34.51	82,830
Shrikant Bhangdiya		25,002	25,002	10.42	25,002	10.42	25,002
Manisha Omprakash Maniyar		14,457	14,457	6.02	14,457	6.02	14,457
Megha Mitesh Bhangdiya		14,457	14,457	6.02	14,457	6.02	14,457
Aarti Shrikant Bhangdia		14,457	14,457	6.02	14,457	6.02	14,457
Sonal Kirtikumar Bhangdia		14,457	14,457	6.02	14,457	6.02	14,457
b. Body Corporates	-	-	-	-	-	-	-
Sub- total of A1	5	82,830	82,830	34.51	82,830	34.51	82,830
A2) Foreign	-	-	-	-	-	-	-
Sub-total of A2	-	-	-	-	-	-	-
A= A1+ A2	5	82,830	82,830	34.51	82,830	34.51	82,830

iii. Statement showing holding of securities of persons belonging to the “public” category as on June 30, 2023:

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
B1) Institutions							
Foreign Portfolio Investors	-	-	-	-	-	-	-
2) Central Government/ State Government(s) / President of India	-	-	-	-	-	-	-
Sub Total B2	-	-	-	-	-	-	-
B3) Non-Institutions							
Individual share capital up to ₹ 2 Lakhs	154	1,56,907	1,56,907	65.38	1,56,907	65.38	1,43,507
Individual share capital in excess of ₹. 2 Lakhs	0	0	0	0	0	0	0
Any Other							
IEPF	-	-	-	-	-	-	-
Trusts							
Non-Resident Indian (NRI)	0	0	0	0	0	0	0
Clearing Members	1	212	212	0.09	212	0.09	212
Bodies Corporate	0	0	0	0	0	0	0
HUF	2	51	51	0.02	51	0.02	51
LLP	0	0	0	0	0	0	0
Sub-total B3	157	1,57,170	1,57,170	65.49	1,57,170	65.49	1,43,320
B= B1+B2+B3	157	1,57,170	1,57,170	65.49	1,57,170	65.49	1,43,320

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. June 30, 2023

S. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Shrikant Bhangdiya	25,002	10.42
2.	Manisha Omprakash Maniyar	14,457	6.02
3.	Megha Mitesh Bhangdiya	14,457	6.02
4.	Aarti Shrikant Bhangdia	14,457	6.02
5.	Sonal Kirtikumar Bhangdia	14,457	6.02
6.	Kunal Manoj Varma.	11,800	4.92
7.	Deepak Mohtalal Mota	11,749	4.90
8.	Sanjay Rameshji Malani.	11,700	4.88
9.	Suraj Sukhdeo Gandhi	11,575	4.82
10.	Mahendra SanjayKumar Heda	11,300	4.71
11.	Praphull Chhotlal Thakkar	11,284	4.70
12.	Brijkishore Govindlal Sarda	9,749	4.06
13.	Saboo Rajesh Anandram	6,000	2.50
14.	Mamta Rajesh Sawal	6,000	2.50
15.	Ankit Dwarkadas Bhutada.	5,949	2.48
16.	Murlidhar Abhimanyu Balpande	5,798	2.42

S. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
17.	Priti Radheshyam Kabra.	5,800	2.42
18.	Jaya Saboo	5,750	2.40
19.	Anand Gattani	3,950	1.65
20.	Krishna Gattani	3,900	1.63
21.	Vandana Devi Gattani	3,900	1.63
22.	Sushil Shankarlal Kothari	3,050	1.27
23.	Ranjeet Anup Kothari	2,900	1.21
24.	Ayush Ashwinkumar Manihar	2,899	1.21
25.	Kirti Sushil Kothari	2,900	1.21

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, pledged or encumbered

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:*

S. No.	Name of the Promoter and Promoter Group	Number of shares acquired	Mode of Acquisition	Date
NIL				

4. At any given time, there shall be only one denomination of the Equity Shares of our Company.
5. 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 167.
6. 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.

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OBJECTS OF THE ISSUE

Objects of the Issue

Our Company proposes to utilize the Net Proceeds towards funding the following Objects:

1. For Working Capital Purposes; and
 2. 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.

Net Proceeds

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

(₹ in lakhs)

Particulars	Amount
Gross Proceeds from the Issue (upto) [^]	1900.00
Less: Issue related expenses ^{^^}	55.00
Net Proceeds from the Issue	1845.00

[^] assuming full subscription and allotment in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

^{^^} Please note that this is an estimate based on certain assumptions and would be finalized upon determination of the Issue Price and updated in the Letter of Offer.

Requirement of Funds

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

(₹ in lakhs)

Particulars	Amount
Augmentation of Working Capital requirements of our Company	1500.00
General Corporate Purposes [*]	345.00
Net proceeds from the Issue	1845.00

^{*} The amount shall not exceed 25% of the Gross Proceeds

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 Fiscals 2023-24 and 2024-25.

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 funds requirements described herein.

Details of the Objects of the Issue

1. Augmentation of Working Capital requirements of our Company

We fund a majority of our working capital requirements in the ordinary course of business from internal accruals. We propose to utilise ₹ 1,500.00 lakhs from the Net Proceeds of the Issue to fund the working capital requirements of our Company in Fiscal Years 2023-24 and 2024-25 as stated in the below table.

Basis of estimation of long-term working capital requirement

The details of Company's working capital as at March 31, 2022 and as at March 31, 2023 and the source of funding, on the basis of restated financial statements, as certified by our Statutory and Peer Review Auditor, M/s Joshi & Shah, Chartered Accountants, vide their report dated October 12, 2023 are provided in the table below. Further, in light of the incremental business requirements, our Company requires additional working capital for funding its working capital requirements in the Fiscal 2024 and Fiscal 2025. The proposed funding of such working capital requirements are as set out in the table below:

	2022-23	2023-24	2024-25
Particulars of Assets	Audited	Estimated	Projected
Current Assets			
Cash and Cash Equivalents	177.3	300.11	511.4
Inventories	85.53	150.75	180.78
Short term investments	-	-	-
Trade Receivables	5,120.56	6,170.02	6,700.00
Advances	203.68	203.34	203.34
Other Current Assets	351.63	210.4	300.4
Total (A)	5,938.70	7,034.62	7,895.92
Current Liabilities			
Trade Payables	3,839.29	3,750.00	4,200.80
Other Current Liabilities & advances	701.82	652.89	634.89
Provisions	569.2	600.6	600.60
Total (B)	5,110.31	5,003.49	5,436.29
Net Working Capital (A)-(B)	828.39	2031.13	2,459.63
Incremental Working Capital	177.3	1202.74	428.50
Sources of Working Capital			
i) Fund Based Borrowings			
ii) Internal Accruals/ Other Borrowings	-	102.74	28.50
iii) Rights Issue Proceeds	-	1,100.00	400.00

Assumption for future working capital requirements:

(No. of Days)

Particulars	Holding level as on March 31, 2021 (Audited)	Holding level as on March 31, 2022 (Audited)	Holding level as on March 31, 2023 (audited)	Holding level as on March 31, 2024 (estimated)	Holding level as on March 31, 2025 (projected)
Current Assets					
Inventories	1	2	4	7	7
Advances	4	172	7	6	6
Trade Receivables	143	62	172	186	185
Current Liabilities					
Trade Payables	279	193	188	166	165

Justification for “Holding Period” levels:

The justifications for the holding levels mentioned in the table above are provided below:

Current Assets	
Inventories	Our Company’s inventories primarily consist of materials. Our company has assumed the holding level for inventories as 7 days of purchases. Inventory levels have been estimated in line with the current holdings and the projected level of activity.
Advances	Our Company has assumed the holding levels for advances of 6 days on the basis of the previous holdings for advances.
Trade Receivables	Our Company has assumed the holding levels for trade receivables of 186 days on the basis of the previous holdings for receivables.
Current Liabilities	
Trade Payables	Our trade payables have a direct correlation to our business growth. Holding level for trade payables is assumed as 165 to 166 days which is in line with the past levels and the estimated operations for FY 2023-24.

Our Board pursuant to its resolution dated August 12, 2023 has approved the estimated working capital requirements for Fiscal year 2024 and projected working capital for the Fiscal Year 2025 and the proposed funding of such working capital requirements.

2. 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 exceed 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

Please refer to Page No 49 of this Draft Letter of Offer regarding the intention of the promoters and extent of subscription in the issue.

Interest of Promoters and Directors in the objects of the Issue

None of our Promoter, members of the Promoter Group and Directors have any interest in 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.

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 Lead Managers, 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	[●]	[●]	[●]
Total estimated Issue expenses[^]	[●]	[●]	[●]

* 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 Equity Shares.

The amount utilized as on date of the Letter of Offer towards Issue expenditure is ₹ [●] Lakhs as certified by duly certified by the Statutory auditor Joshi & Shah dated [●].

[^]Excluding taxes

[#]Assuming full subscription.

Interim use of funds

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 for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Appraisal and Bridge Financing Facilities

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

Monitoring of utilization of funds

Since the Issue is for an amount not exceeding ₹ 10,000 lakhs, in terms of Regulation 82(1) 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 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications 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 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.

Bridge Financing Facilities

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

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter and Promoter Group, Directors, Key Managerial Personnel of our Company, except for the part of the Net Proceeds that will be utilized towards the repayment/prepayment of certain unsecured loans availed by our Company from the Promoter Group members and payments made in the ordinary course of business, there are no material existing or anticipated transaction.

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STATEMENT OF TAX BENEFITS

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

To,

The Board of Directors
Sobhagya Mercantile Limited B-
61, Floor 6, Plot No: 210
B-Wing Mittal Tower,
Free Press Journal Marg, Nariman Point,
Mumbai 400 021, Maharashtra

Dear Sirs / Madam,

Subject: Statement of possible special tax benefits available to SOBHAGYA MERCANTILE 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 Joshi & Shah

Chartered Accountants

Firm Registration No. - 144627W

Firm Registrar



Jaydip Joshi

Partner

Membership No. - 170300

UDIN: 23170300BGYCBL6185

Place: Mumbai

Date: 12th October, 2023

ANNEXURE-A TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SOBHAGYA MERCANTILE 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.

SOBHAGYA MERCANTILE LIMITED has opted for the provisions of Sec 115BAA of the IT Act from assessment year 2021-22.

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 Rs. 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 OUR 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 23 and 94 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 23. Accordingly, investment decisions should not be based on such information.

Indian Economy



Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022-23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022-2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

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

Roads and Infrastructure Industry

India has the second-largest road network in the world, spanning a total of 5.89 million kilometres (kms).

Private sector has emerged as a key player in the development of road infrastructure in India. Increased industrial activities, along with increasing number of two and four wheelers have supported the growth in road transport infrastructure projects. The Government's policy to increase private sector participation has proved to be a boon for the infrastructure industry with many private players entering the business through the public-private partnership (PPP) model. In FY21, there were 125 PPP projects worth US\$ 23.25 billion in India.

With the Government permitting 100% Foreign Direct Investment (FDI) in the road sector, several foreign companies have formed partnerships with Indian players to capitalise on the sector's growth. Cumulative FDI inflows in construction development stood at US\$ 26.23 billion between April 2000-September 2022. The Government's move to cut GST rates on construction equipment from 28% to 18% is expected to give boost to the industry.

The Government of India has allocated Rs. 111 lakh crore (US\$ 1.4 trillion) under the National Infrastructure Pipeline for FY 2019-25. The roads sector is likely to account for 18% capital expenditure over FY 2019-25.

NHAI plans to construct 25,000 kilometres of national highways in 2022-23 at a pace of 50 km per day.

In the Union Budget 2022-23, government has planned for an increase in allocation for the central road fund by 19%, the total fund was Rs. 2,95,150 crores (US\$ 38.86 million).

As of March 2022, the government plans to spend Rs. 10,565 crore (US\$ 1.38 billion) on the Trans-Arunachal Highway and Kaladan Multi-Model Transport Project, as well as other roads development projects such as capital connectivity, district connectivity, connectivity to the international border, and improvement and strengthening of roads in the region of Sikkim.

In August 2021, the Union Minister of Road Transport and Highways, Mr. Nitin Gadkari announced to launch 1,080-km (road construction) projects worth Rs. 25,370 crore (US\$ 3.4 billion) in Gujarat under the Bharatmala Pariyojana—the ambitious road and highways project that aims to build highways from Maharashtra, Gujarat, Rajasthan, Punjab, Haryana and then cover the entire string of Himalayan territories. In FY22 (until December 2021) the Ministry of Road Transport and Highways constructed national highways extending 5,835 kms.

In September 2021, to transform road infrastructure in Punjab, Haryana and Rajasthan, the Indian government has planned to construct roads extending 313 kms for Rs. 11,000 crore (US\$ 1.48 billion). The Indian government announced road projects worth Rs. 1 lakh crore (US\$ 13.48 billion) to develop road infrastructure in Jammu and Kashmir. The region has also witnessed growth in national highways, from 7 in 2014 to 11 in 2021.

In September 2021, the Government of Maharashtra approved a 173.7-kilometre long outer-ring road project in Pune, worth Rs. 26,831 crore (US\$ 3.61 billion).

In October 2021, the government issued a notice related to concessions under the Vehicle Scrapping Policy (effective from April 2022) to encourage vehicle owners towards discarding old vehicles which have higher fuel consumption costs.

In October 2021, the government launched a conversion project for 15 major roads in the Agartala smart city, the project will convert these roads to weather-resilient ones, and further strengthen development of the region.

In October 2021, the government announced rules to improve road safety, such as fixed driving hours for commercial truck drivers and a mandate to install sleep detection sensors in commercial vehicles.

In October 2021, the government announced a plan to install charging stations every 40 to 60 kilometres on national highways to strengthen wayside amenities; in line with this, ~700 e-vehicle charging stations are expected to be installed by 2023, covering 35,000 to 40,000 kms of national highways.

In September 2021, the Ministry of Road Transport and Highways constructed national highways extending 3,824 kms compared with 3,335 kms in August 2021.

In July 2021, the Ministry of Road Transport and Highways granted 162 kms road highway (New NH-365BG), as part of the economic corridor under the Bharatmala Pariyojana, with an aim to connect Andhra Pradesh and Telangana via a robust road infrastructure that supports speed of 100kms/hour. The total project cost is Rs. 2,600 crore (US\$ 350 million).

The Minister for Road Transport & Highways and Micro, Small and Medium Enterprises, Mr. Nitin Gadkari, is targeting to construct 40 kms per day in FY22.

As per the Ministry of Road Transport and Highways, national highway construction hit an all-time high of 37 km per day in FY 2020-21.

Under Pradhan Mantri Gram Sadak Yojana (PMGSY), in the UT of Jammu & Kashmir, 3,261 roads of length of 19,277 kms and 243 bridges have been sanctioned, out of which 1858 roads of length 11,517 kms and 84 bridges have been completed. Similarly, in the UT of Ladakh, 142 roads of length of 1207 kms and 3 bridges have been sanctioned, out of which 96 roads of length 699 kms and 2 bridges have been completed until July 2020.

The Indian government launched Gati Shakti-National Master Plan, which will help lead a holistic and integrated development of infrastructure generating immense employment opportunities in the country.

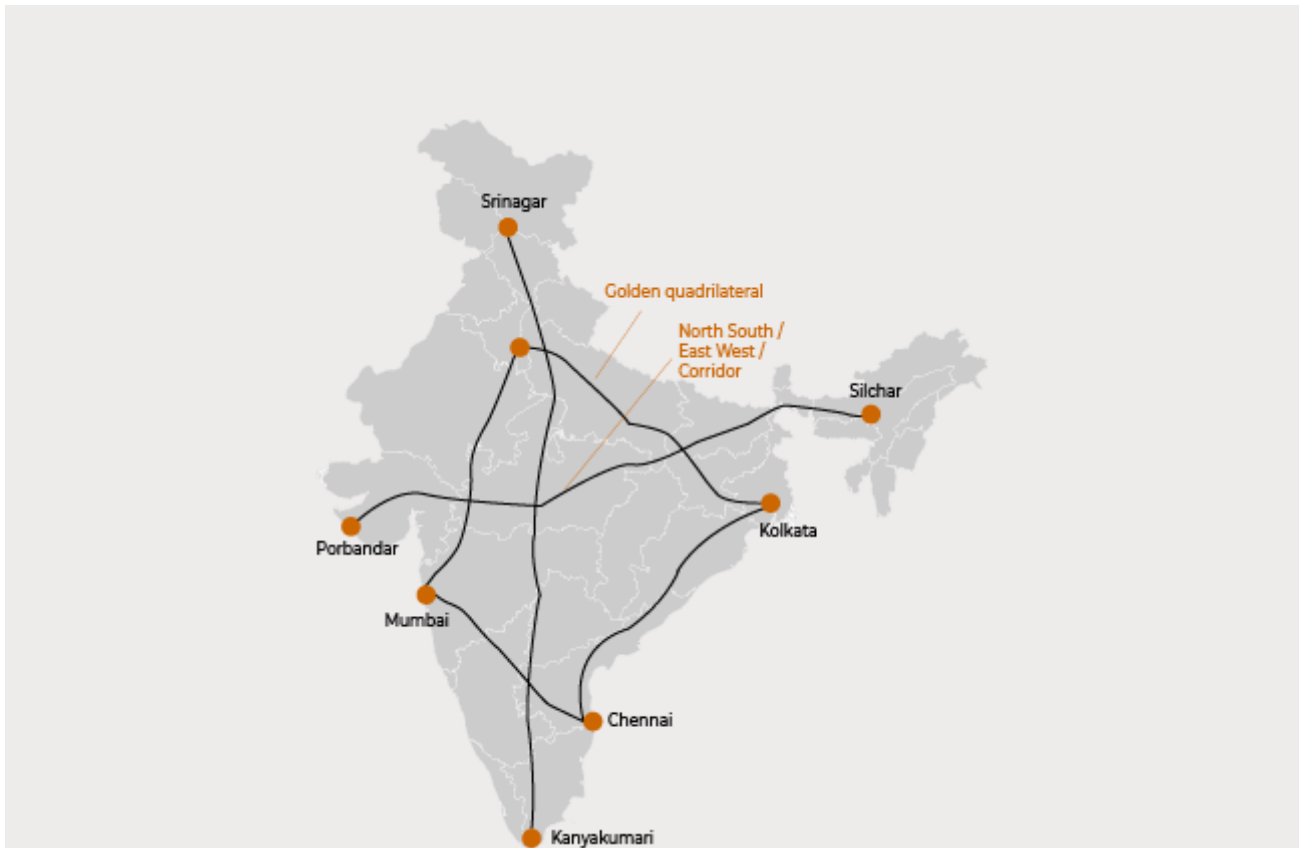
India's Gati Shakti program has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres). The main aim of this program is a faster approval process which can be done through the Gati shakti portal and digitized the approval process completely.

Under the Union Budget 2022-23, the Government of India has allocated Rs. 199,107.71 crore (US\$ 26.04 billion) to the Ministry of Road Transport and Highways.

(Source : <https://www.ibef.org/industry/infrastructure-sector-india>)

Indian Roads

- **Srinagar**
- **Golden quadrilateral**
- **North South / East West / Corridor**
- **Porbandar**
- **Mumbai**
- **Chennai**
- **Kanyakumari**
- **Kolkata**
- **Silchar**



GOVERNMENT INITIATIVES AND INVESTMENTS

Some of the recent government initiatives and investments in the Infrastructure sector are as follows:

- Under Budget 2023-24:
 - Capital investment outlay for infrastructure is being increased by 33% to Rs.10 lakh crore (US\$ 122 billion), which would be 3.3 per cent of GDP and almost three times the outlay in 2019-20.
 - As per the Union Budget 2023-24, a capital outlay of Rs. 2.40 lakh crore (US\$ 29 billion) has been provided for the Railways, which is the highest ever outlay and about 9 times the outlay made in 2013-14.
 - Infrastructure Finance Secretariat is being established to enhance opportunities for private investment in infrastructure that will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure, and power.
 - The Government has decided to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs. 1.3 lakh crore (US\$ 16 billion).
 - 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and will be taken up on priority with investment of Rs. 75,000 crore (US\$ 9 billion), including Rs. 15,000 crore (US\$ 1.8 billion) from private sources.
 - 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.

- An Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall, which will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.
- States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF.
- For realizing the vision of “Make A-I in India and Make A-I work for India”, three centers of excellence for Artificial Intelligence will be set-up in top educational institutions.
- The Digital Public infrastructure for agriculture will be built as an open source, open standard and inter operable public good that will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit, and insurance, help for crop estimation, market intelligence, and support for growth of agri-tech industry and start-ups.
- 157 new nursing colleges will be established in co-location with the existing 157 medical colleges established since 2014.
- National Digital Library for Children and Adolescents will be set-up for facilitating availability of quality books across geographies, languages, genres and levels, and device agnostic accessibility. States will be encouraged to set up physical libraries for them at panchayat and ward levels and provide infrastructure for accessing the National Digital Library resources.
- Skill India International Centres to be set up across different States to skill youth for international opportunities.
- Central Processing Centre to be setup for faster response to companies through centralized handling of various forms filed with field offices under the Companies Act.
- District Institutes of Education and Training to be developed as vibrant institutes of excellence for Teachers’ Training.
- States will be encouraged to set up a Unity Mall in their state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product), GI products and other handicraft products, and for providing space for such products of all other States.
- Since 2016-17, the budget for the Pradhan Mantri Awas Yojana, the flagship housing scheme of the government, has increased 280% from Rs. 20,936 crore (US\$ 2.5 billion) in the revised estimates of 2016-17 to Rs. 79,590 crore (US\$ 9.6 billion) in the latest 2023-24 budget.
- The Awas Yojana budget estimate for 2023-’24 constitutes an allocation of Rs. 25,103 crore (US\$ 3 billion) to Pradhan Mantri Awas Yojana-Urban and Rs. 54,487 crore (US\$ 6.5 billion) to Pradhan Mantri Awas Yojana-Gramin.

THE ROAD AHEAD

India must enhance its infrastructure to reach its 2025 economic growth target of US\$ 5 trillion. India's population growth and economic development requires improved transport infrastructure, including through investments in roads, railways, and aviation, shipping and inland waterways.

The government has also suggested an investment of \$750 billion to strengthen railway infrastructure and envisioned the Maritime India Vision 2030 which estimates massive investments in world-class infrastructure development at Indian ports.

Global investment and partnerships in infrastructure, such as the India-Japan forum for development in the Northeast are also indicative of more investments. These initiatives come at a momentous juncture as the country aims for self-reliance in future-ready and sustainable critical infrastructure.

India, it is estimated, needs to invest \$840 billion over the next 15 years into urban infrastructure to meet the needs of its fast-growing population. This investment will only be rational as well as sustainable, if we additionally focus on long-term maintenance and strength of our buildings, bridges, ports and airports.

As a result of digitalisation and opportunities that tier II and III cities present for economic growth, the divide between metro and non-metros is blurring, moving to the new era of infrastructure growth. Commercial real estate properties have witnessed exponential growth in demand across Tier II & III cities as Information technology and Information technology enabled services and banking financial services and insurance focused organizations are increasingly decentralizing their operations to adapt to the new normal.

The residential sector has witnessed good sales, and launches have also shown signs of an uptick during 2022, total sales in the top-7 cities was projected to exceed 360,000 units in 2022.

Civil Aviation Ministry's "Vision 2040" report states that there will be 190-200 functioning airports in India by 2040. Delhi and Mumbai will have three international airports each, while top 31 Indian cities will have two operational airports each.

220 destinations (airports/heliports/water aerodromes) under UDAN are targeted to be completed by 2026 with 1000 routes to provide air connectivity to unconnected destinations in India.

102 critical projects under the Gati Shakti masterplan worth \$7.67 billion are to be completed by 2024, making 2023 a critical year for effective execution and celerity of completion.

India's Infrastructure forms an integral part of the country's economic ecosystem. There has been a significant shift in the industry that is leading to the development of world-class facilities across the country in the areas of roads, waterways, railways, airports, and ports, among others. The country-wide smart cities programmes have proven to be industry game-changers. Given its critical role in the growth of the nation, the infrastructure sector has experienced a tremendous boom because of India's necessity and desire for rapid development. The expansion has been aided by urbanisation and an increase in foreign investment in the sector.

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested investment of Rs. 5,00,000 crore (US\$ 750 billion) for railways infrastructure from 2018-30. India's GDP is expected to grow by 8% over the next three fiscal years, one of the quickest rates among major, developing economies, according to S&P Global Ratings. India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for development of Northeast to undertake strategic infrastructure projects for the region.

India being a developing nation is set to take full advantage of the opportunity for the expansion of the infrastructure sector, and it is reasonable to conclude that India's infrastructure has a bright future ahead of it.

(Source : <https://www.ibef.org/industry/infrastructure-sector-india>)

COAL INDUSTRY

Introduction

Coal, as primary commercial energy fuel, has been sustaining the country's energy requirements for decades now and would continue to retain its relevance for the few more decades as well. With around 55% share, coal occupies the major space in India's energy basket. The country's planners are alternatively laying impetus on greener and renewable energy forms in a bid to migrate from largely fossil driven energy economy to one that is powered by cleaner sources. From an environmental perspective, this is a welcome move. The entry of renewable energy sources, however, would not destabilize coal in immediate future. It would continue its lead role in India's electricity generation as indicated by the consumption pattern. Total power generation of 1378.525 Billion Units (BU) during 2020-21, including renewable energy sources, coal based generation was 950.751 BU which is around 69% highlighting coal's importance. Additionally, coal continues to stoke many non-power industries as well viz. cement, fertilizers, sponge iron, aluminium and a host of other industries. The world over many countries are moving away from coal but the Indian context is different. In India, what makes coal a preferred energy fuel is its abundance, availability and affordability. Till alternative energy sources start making significant contribution, there is no replacement for coal as the country's irreplaceable prime energy source. With coal commanding such prominence in the Indian energy sector, Ministry of Coal is at the forefront of the nation's coal production. The Ministry of Coal has the overall responsibility of determining policies and strategies in respect of exploration and development of coal and lignite reserves, sanctioning of important projects of high value and for deciding all related issues. Under the administrative control of the Ministry, these key functions are exercised through the Public Sector Undertakings, namely, Coal India Ltd. and its subsidiaries and Neyveli Lignite corporation India Limited (NLCIL). Other than Coal India Ltd. and Neyveli Lignite Corporation India Ltd., the Ministry of Coal also has a joint venture with Government of Telangana called Singareni Collieries Company Limited (SCCL) Government of Telangana holds 51% equity and Government of India holds 49 % equity.

COAL PRODUCTION

Through sustained programme of investment and greater thrust on application of modern technologies, it has been possible to raise the All India production of coal at **778.21** million tonnes in **2021-22**. The all India Production of coal during **2022-23** was **893.19 MT** with a positive growth of **14.77%**.

Coal India Limited (CIL) and its subsidiaries accounted for **622.63 MT** during **2021-22** as compared to a production of **596.22 MT** in **2020-21** showing a positive growth of **4.4%**. Coal production of CIL during **2022-23** was **703.20 MT** with a positive growth of **12.94%**.

Singareni Collieries Company Limited (SCCL) is the main source for supply of coal to the southern region. The company produced 65.02 million tonnes of coal during **2021-22** as against **50.58 MT** during the same period of previous year. SCCL production of coal during **2022-23** was **67.14 MT** with a positive growth of **3.26%**. Small quantities of coal are also produced by TISCO, IISCO, DVC and others. 2023-2024.

COAL PRODUCTION AND OFFTAKE APRIL-AUG- 2023-2024 (IN MT)

Company	Production*				Offtake/Dispatch*			
	Target	Ach. (Prov)	Actual During Cores period of previous year	Growth (%)	Target	Ach. (Prov.)	Actual During Cores period of previous year	Growth (%)
CIL	780.00	281.45	253.31	11.11	780.00	305.74	283.04	8.02

SCCL	70.00	26.41	24.30	8.70	70.00	28.08	24.66	13.88
Captive & Others	162.14	53.15	46.54	14.21	162.14	58.36	47.75	22.21
Total	1012.14	361.02	324.14	11.38	1012.14	392.18	355.45	10.33

Source: CCO

Note: Production and Offtake of CIL is including Gare Palma IV/1 and IV 2&3 and production of captive is excluding these blocks.

COAL DISTRIBUTION AND MARKETING

The Marketing Division of CIL coordinates marketing activities for all its subsidiaries. CIL has set up Regional Sales Offices and Sub-Sales Offices at selected places in the country to cater to the needs of the consuming sectors in various regions.

IMPORT OF COAL

As per the present Import policy, coal can be freely imported (under Open General Licence) by the consumers themselves considering their needs based on their commercial consideration.

Coking Coal is being imported by Steel sector mainly to bridge the gap between the requirement and indigenous availability and to improve the quality. Other sectors like Power sector, cement etc. and coal traders are importing non-coking coal.

Details of import of coal and products i.e. coke during the last four years including the current year is as under:

(Million tonnes)					
Coal	2019-20	2020-21	2021-22	2022-23	2023-24*
Coking Coal	51.83	51.20	57.16	56.05	15.59
Non-Coking Coal	196.70	164.05	151.77	181.62	53.66
Total Coal Import	248.53	215.25	208.93	237.67	69.25
Coke	2.88	2.46	2.48	3.63	1.08
*Import upto June, 2023 (Source:-DGCI&S)					

(Source: <https://coal.gov.in/en/major-statistics/production-and-supplies>); (Ministry of Coal)

Conclusion

It is evident that in the near to medium term, India will continue to be significantly dependent on coal. To reduce the severity of coal shortage that impacts electricity generation and in turn the Indian economy, it is important to work on a three-pronged strategy focused on better planning, infrastructure development and increase of domestic supplies. Electricity demand has become increasingly complex over the years. Institutions entrusted with planning are supposed to forecast demand profiles taking into consideration multiple factors. Multiple stakeholders need to come together to effectively manage the power sector, starting with detailed

planning of the power system. There is a need to develop strong planning, scheduling and monitoring mechanisms coupled with optimisation of utilisation of coal resources.

(Source: <https://www.pwc.in/research-and-insights-hub/coal.html>)

Steel Industry

Introduction

One of the primary forces behind industrialization has been the use of metals. Steel has traditionally occupied a top spot among metals. Steel production and consumption are frequently seen as measures of a country's economic development because it is both a raw material and an intermediary product. Therefore, it would not be an exaggeration to argue that the steel sector has always been at the forefront of industrial progress and that it is the foundation of any economy. The Indian steel industry is classified into three categories - major producers, main producers and secondary producers.

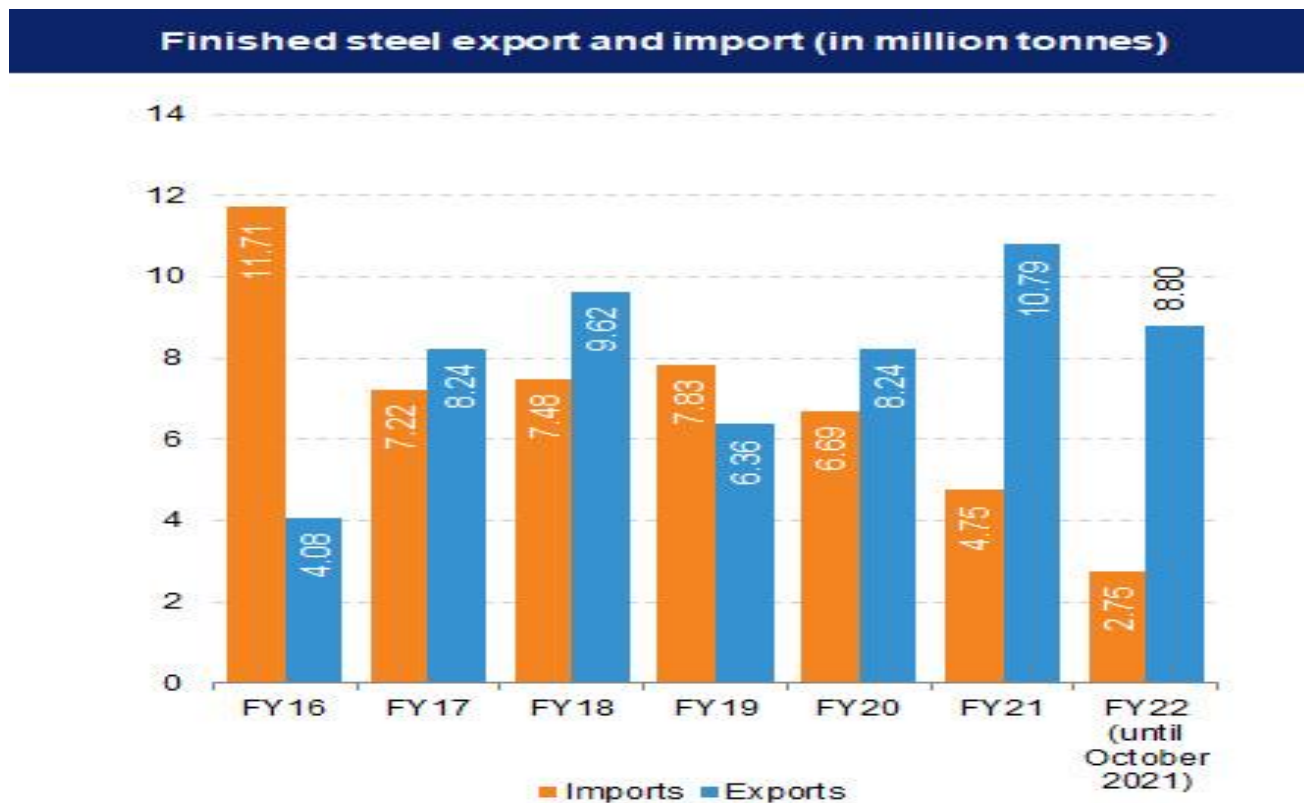
India is the world's second-largest producer of crude steel, with an output of 125.32 MT of crude steel and finished steel production of 121.29 MT in FY23.

India's steel production is estimated to grow 4-7% to 123-127 MT in FY24.

The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is modern, with state-of-the-art steel mills. It has always strived for continuous modernisation of older plants and up-gradation to higher energy efficiency levels.

Market Size



(Source : <https://www.ibef.org/industry/steel>)

In the past 10–12 years, India's steel sector has expanded significantly. Production has increased by 75% since 2008, while domestic steel demand has increased by almost 80%. The capacity for producing steel has grown concurrently, and the rise has been largely organic.

In FY23, the production of crude steel and finished steel stood at 125.32 MT and 121.29 MT respectively.

In FY22, the production of crude steel and finished steel stood at 133.596 MT and 120.01 MT, respectively. The consumption of finished steel stood at 105.751 MT in FY22. In FY23, the consumption of finished steel stood at 119.17 MT. In April-July 2022, the production of crude steel and finished steel stood at 40.95 MT and 38.55 MT respectively.

In FY23, exports and imports of finished steel stood at 6.7 MT and 6.02 MT, respectively. In FY22, India exported 11.14 MT of finished steel. In April 2023 exports of steel stood at 8.55 lakh metric tonnes (LMT), while imports stood at 4.60 LMT.

The annual production of steel is anticipated to exceed 300 million tonnes by 2030-31. By 2030-31, crude steel production is projected to reach 255 million tonnes at 85% capacity utilisation achieving 230 million tonnes of finished steel production, assuming a 10% yield loss or a 90% conversion ratio for the conversion of raw steel to finished steel. With net exports of 24 million tonnes, consumption is expected to reach 206 million tonnes by the years 2030–1931. As a result, it is anticipated that per-person steel consumption will grow to 160 kg.

GOVERNMENT INITIATIVES

Some of the other recent Government initiatives in this sector are as follows:

- In October 2021, the government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme.
- In October 2021, India and Russia signed an MoU to carry out R&D in the steel sector and produce coking coal (used in steel making).
- In July 2021, the Union Cabinet approved the production-linked incentive (PLI) scheme for specialty steel. The scheme is expected to attract investment worth ~Rs. 400 billion (US\$ 5.37 billion) and expand specialty steel capacity by 25 million tonnes (MT), to 42 MT in FY27, from 18 MT in FY21.
- In 2020, 'Mission Purvodaya' was launched to accelerate the development of the eastern states of India (Odisha, Jharkhand, Chhattisgarh, West Bengal and the northern part of Andhra Pradesh) through the establishment of an integrated steel hub in Kolkata, West Bengal. Eastern India has the potential to add >75% of the country's incremental steel capacity. It is expected that of the 300 MT capacity by 2030-31, >200 MT can come from this region alone.
- In June 2021, JSW Steel, CSIR-National Chemical Lab (NCL), Scottish Development International (SDI) and India H2 Alliance (IH2A) joined forces to commercialise hydrogen in the steel and cement sectors.
- Under the Union Budget 2023-24, the government allocated Rs. 70.15 crore (US\$ 8.6 million) to the Ministry of Steel.
- In addition, an investment of Rs. 75,000 crore (US\$ 9.15 billion) (including Rs. 15,000 crore (US\$ 1.83 billion) from private sources) has been allocated for 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, and steel.
- In January 2021, the Ministry of Steel, Government of India, signed a Memorandum of Cooperation (MoC) with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India–Japan Steel Dialogue.

- The Union Cabinet, Government of India approved the National Steel Policy (NSP) 2017, as it intends to create a globally competitive steel industry in India. NSP 2017 envisage 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030-31.
- The Ministry of Steel is facilitating the setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs. 200 crore (US\$ 30 million).
- The Government of India raised import duty on most steel items twice, each time by 2.5% and imposed measures including anti-dumping and safeguard duties on iron and steel items.

THE ROAD AHEAD

The steel industry has emerged as a major focus area given the dependence of a diverse range of sectors on its output as India works to become a manufacturing powerhouse through policy initiatives like Make in India. With the industry accounting for about 2% of the nation's GDP, India ranks as the world's second-largest producer of steel and is poised to overtake China as the world's second-largest consumer of steel. Both the industry and the nation's export manufacturing capacity have the potential to help India regain its favourable steel trade balance.

The National Steel Policy, 2017 envisage 300 million tonnes of production capacity by 2030-31. The per capita consumption of steel has increased from 57.6 kgs to 74.1 kgs during the last five years. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31. As per Indian Steel Association (ISA), steel demand will grow by 7.2% in 2019-20 and 2020-21.

Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Note: Conversion rate used in May 2023, Rs. 1 = US\$ 0.012

References: Media reports, Press releases, Press Information Bureau (PIB), Joint Plant Committee (JPC), Union Budget 2021-22, Union Budget 2023-24

Note: P- Provisional, Except low grade (below 58%)

(Source : <https://www.ibef.org/industry/steel>)

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 23, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 94 and 137, 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 incorporated as ‘Sobhagya Mercantile Limited’ on December 27, 1983 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Maharashtra at Mumbai. The Corporate Identification Number of our Company is L45100MH1983PLC031671.

The current promoters of the Company, pursuant to a Share Purchase Agreement entered into with the erstwhile promoters/ members of the promoter group for the acquisition of 82,830 Equity Shares representing 34.51% of the share capital of the Company, acquired control of the Company after making an open offer to the public shareholders under the SEBI (SAST) Regulations, in the year 2019.

Our Company further altered its Object Clause to enable the Company to carry on the activities of infrastructure and real estate business, on account of the experience of the new management in large scale infrastructure sector. The Equity Shares of our Company are listed on the BSE.

Our Business

Our Company’s business operations is in the Infrastructure Sector with key focus on infrastructure construction, engineering, mining, and other allied activities. We offer competitive business solutions in the areas of Road Development, Infrastructure Engineering, Equipment leasing, Mining, Steel and more. Each Business vertical is headed by an able, experienced and proven professionals to take the company to the next level of growth.

We have recently decided to foray into steel manufacturing and are in the process of establishing a state of art steel plant, thus expanding our business scope and positioning ourselves as a crucial partner in India’s growth.

Our range of services includes engineering design, planning and estimation of a project, market studies, feasibility report preparation, project management services, architectural and construction engineering services, project commissioning, operations and maintenance, and special advisory services for road and irrigation projects. Leveraging our proficiency in providing end-to-end infra-engineering consultancy solutions for complex and challenging projects across diverse sectors, we equip our clients with the necessary tools for success and growth.

Our company is presently engaged in the construction of large-scale infrastructure. Our focus area includes Civil construction projects particularly the construction of roads across the country.

Our Company also intends to exploit the opportunities that are available in the area of leasing of equipment. Recognizing the promising potential of the Construction Equipment leasing business, the company has chosen to enter this industry during the fiscal year 2022-2023. In its initial year, the company has adopted a cautious approach by leasing top-tier equipment from external providers. As revenue from the leasing business

increases, the company plans to progressively invest in its own high-value equipment in the forthcoming years as dictated by demand.

Our Business Verticals

a. Infrastructure Construction

We offer a well-diversified portfolio of road construction projects that helps connect key cities and corridors in India. Leveraging technology, world-class equipment and a competent team helps drive operational efficiency for fulfilling our vision of creating last-mile connectivity to aid India's development.

b. Infrastructure Engineering

We offer end-to-end infra-engineering consultancy with sustainable solutions. As an established player in the sector, our expertise includes creating Detailed Project Reports (DPR) and offering Project Management Consultancy (PMC) services, guiding our clients over the entire project lifecycle – pre-project, project execution and post-project. We are currently offering 2 infra-engineering consultancies .

c. Coal Mining

We have been allotted Coal Block / Mine named Marki Mangli-IV by Nominated Authority, Ministry of Coal, Government of India, New Delhi. By offering our industry expertise, operational efficiency and safe working practices, we strive to meet the growing energy demand across both domestic and commercial segments and at the same time, contributing to India's energy security while keeping our top focus on quality and sustainability.

d. Equipment Leasing

The infrastructure sector is increasingly gearing towards automation leading to a consistent demand for equipment leasing. Towards meeting the increasing demand, We have adopted a cautious approach by leasing top-tier equipment from external providers.

e. Steel Manufacturing

To meet the pent up demand for best-quality steel for stronger construction, we have recently ventured into the business of steel manufacturing. Our world-class steel plant is underway. It will be equipped with the latest technology and handled by an innovative and highly skilled team of product specialists and engineers. The plant will help us produce superior quality steel for undertaking quality construction and usage across key industries. Our Board of Directors has recently approved the proposal for setting up of steel plant at Gadchiroli District Maharashtra.

Financial and Operational Performance

Set out below is a summary of our Restated financial and operational performance, for the periods indicated.

Particulars*	As at and for the three- month period ended June 30, 2023 Unaudited, Reviewed	As at and for the financial year ended March 31,		
		2023	2022	2021
Revenue from operations (<i>₹ Lakhs</i>)	3,634.51	11,208.01	7,161.89	4,237.42
EBITDA (<i>₹ Lakhs</i>)	512.02	1,577.24	1,406.33	993.57
EBITDA Margin (%)	14.09	14.07	19.63	23.45
Profit for the year (<i>₹ Lakhs</i>)	336.62	1,072.76	1,095.94	790.78
Net Profit Margin (%)	9.26	9.57	15.30	18.66
RoCE (%)	-	42.00	50.00	46.00

Particulars*	As at and for the three- month period ended June 30, 2023 Unaudited, Reviewed	As at and for the financial year ended March 31,		
		2023	2022	2021
RoEquity (%)	-	35.00	57.00	80.00
Borrowings (₹ Lakhs))	738.11	738.11	678.24	201.01
Debt to Equity Ratio	-	0.19	0.08	0.47
Current Ratio	-	1.67	1.79	0.99
Debtors' Turnover Ratio	-	3.48	5.07	4.22
Inventory Turnover Ratio	-	178.15	309.47	1,161.13

Our Business Strategy

1. Foray into Steel Manufacturing

We have recently diversified into the steel manufacturing realm and are in the process for setting-up a state-of-the-art steel plant. The facility shall be equipped with the latest technology and strengthened by a team of innovative and highly-skilled product specialists and engineers, which will enable us to produce quality steel. This strategic venture will yield high-calibre steel, essential for superior construction and various crucial industries. We aspire to evolve into a premier steel manufacturer, expanding both capacity and expertise, to bolster key sectors.

2. Entering the area of Coal Mining

We intend to enter the area of coal mining operations of the recently coal mine which has been allotted to our Company.

3. Investment in state of art equipment

Escalating adoption of automation in the construction processes has led to an increase in the demand for equipment leasing. We propose to invest in an extensive fleet of state-of-the-art construction equipment that meet global standards, including aggregate crushers. We currently take equipment on lease and make them available to private and public construction entities across India. We have emerged as a preferred partner and intend to capitalise on the same and intend to invest in equipment and provide quality equipment on a lease basis.

Project Management Team

The project management team is a mix of all departments that are involved in the planning and execution of a project, namely design and engineering, procurement department, construction team, quality control, etc. Since most of the projects undertaken are on a fixed schedule, our Company endeavours to ensure proper co-ordination among the various teams and departments.

Capacity and Capacity Utilisation

Our business is project specific and not of the nature of a manufacturing concern currently with focus on infrastructure projects and infrastructure engineering with no specified installed capacity. Hence, capacity and capacity utilization is not applicable to us currently.

Our Major Customers

The following is the revenue breakup on restated basis of the top five and top ten customers of our Company for the Fiscal 2023 is as follows:

(₹ in lacs)

Particulars	Fiscal 2023	
	Amount	Percentage (%)
Top 5 customers	10343.00	95.06
Top 10 customers	10,880.50	100.00

Plant and Machinery

We own the following plant and machinery as on date of this Draft Letter of Offer:

Detail of Equipment	Quantity
Conveyor Belts	1
Crusher Herqlis Rock Breaker HQ	1
Crusher Plant	1
Electrical Fitting and Installation	1
Electrical Motors	1
Tools and Equipment	1
Weigh Bridge	1
Tandem Roller	1
Hydraulic Roll Cleaning Broomer	1
Pipe – Compresure FB	1
Groove Cutter Machine	1

Utilities:

Power

Our Company meets its power requirements at our registered office and crusher site from Maharashtra State Electricity Distribution Co. Ltd (MSEDCL) and for corporate office is sourced from the Brihan Mumbai Electricity and Transport facilities. The same is sufficient for our day to day functioning.

Details of Power Connection

Address	Sanctioned Load (KW)	Connected Load(KW)
KH No 15, Mz Ghardapur Tal Bhiwapur	335.00	335.00
B-61, Floor 6, Plot-210, B wing, Mittal tower, Free Press Journal Marg, Nariman Point, Mumbai	10.60	10.60
Plot no 20-2, House No 526, Dhantoli, Nagpur	25.00	25.00

Water

Our Registered office and corporate office have adequate water supply arrangements for human consumption purpose.

Waste Management

One of the primary waste products generated during our stone crushing activities is stone dust, a byproduct that necessitates particular attention due to its potential ramifications. Stone dust, an inevitable byproduct of our stone crushing operations, represents a significant concern in terms of both worker health and environmental well-being. It is imperative to recognize that stone dust, when inadequately managed, can pose substantial health hazards to our workforce and contribute to environmental pollution.

To address this issue proactively, we have implemented a comprehensive set of dust control measures designed to minimize the emission of stone dust into the surrounding environment. These measures include the following:

- **Water Spraying Systems:** We have incorporated water spraying systems into our operations to effectively suppress airborne dust particles. By spraying a fine mist of water over the crushing area, we ensure that dust is quickly settled, reducing its dispersal.
- **Dust Collectors:** Our dust collection systems are strategically placed to capture and collect dust at its source. These collectors play a pivotal role in trapping airborne dust particles, preventing their escape into the atmosphere.
- **Enclosure of the Crushing Area:** We have enclosed the crushing area to create a controlled environment where dust emissions can be effectively managed. This enclosure further enhances our ability to contain and control stone dust.

Additionally, it is of paramount importance that we consistently maintain and clean our dust control equipment. This regular upkeep ensures the continued effectiveness of our dust mitigation measures, safeguarding the health of our employees and the environment.

A significant portion of the stone dust generated during the crushing process finds a valuable purpose in our road construction activities. By incorporating this waste product into the bitumen used for road construction, we not only reduce waste but also enhance the durability and performance of the road surfaces we create. Through the conscientious application of dust control measures and the beneficial reuse of stone dust in road construction, we aim to minimize our ecological footprint while contributing to sustainable infrastructure development.

Collaborations

We do not have any collaborations currently.

Subsidiary

We do not have any subsidiary currently.

Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility (“**CSR**”) initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility is applicable to us. We have been spending the amount by contributing towards oxygen plant, education and for women empowerment by distributing sewing machines and cycles to women and girls.

Insurance

We have obtained certain policies such as standard fire and special perils policy etc. These policies insure our plant and machinery, stock, building, furniture, fittings, electrical installation, office equipment, any other office contents from earthquake, fire, shock, terrorism, etc. There can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

Marketing

The company currently operates without a formal marketing policy or a dedicated marketing team. This approach is rooted in the fact that our primary clientele predominantly consists of government contractors and other road construction firms. Given our established presence in this niche, there is currently no imperative for us to engage in extensive marketing efforts to secure additional business. Our existing business model thrives on long-standing relationships and partnerships within the government contracting and road construction sector. These connections have proven to be robust and consistent sources of work, rendering the need for an active marketing strategy redundant.

Human Resources

We believe that our employees are key contributors to our business success. The Company has chosen to outsource its entire payroll management to MKS Multimedia Private Limited. During the financial year 2022-23, MKS Multimedia Private Limited has engaged approximately 39 employees to work for our Company. These employees are essentially performing roles within the Company, even though they are on the payroll of MKS Multimedia Private Limited. The Company has not entered into any formal agreement with MKS Multimedia Private Limited.

INTELLECTUAL PROPERTY RIGHTS

Trademark

Our Company does not own any trademark.

Competition

Our Industry being a large and global industry, we face competition from various domestic and international players. The industry which we cater to is highly competitive, unorganized and fragmented with many small and medium - sized companies and entities and we compete with organized as well as unorganised sector on the basis of availability of range of services. Further most of our competitors in the regional level are from the unorganized sector of the industry. We intend to continue competing vigorously to capture more market share and manage our growth in an optimal way.

Health Safety and Environment

We aim to comply with applicable health and safety regulations and other requirements in our operations. We have implemented work safety measures to ensure a safe working environment, such measures include general guidelines for health and safety at our offices and warehouses, accident reporting, wearing safety equipment and maintaining clean and orderly work locations. Our health, safety and environment policy is to:

- Manage and maintain health, safety and ergonomics at the workplace.
- Prevent incidents and occupational health hazards.
- Follow a documented emergency evacuation procedure and communication protocol.
- Have regular interaction with employees regarding matters affecting their health and safety.
- To ensure adequate ventilation and illumination for a safe and ergonomic workplace.
- Efficient use of water and energy.
- To review and revise policy regularly.

Our Immovable Properties

We carry out business operations from the following properties:

a) Leasehold/Rental property:

Sr. no.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration	Usage
1.	No Objection Letter from Rastogi Textiles Private Limited, the lessor and our Group Company MKS Constro Venture Private Limited	B-61, Floor 6, Plot No: 210, B-Wing Mittal Tower, Free Press Journal Marg, Nariman Point, Mumbai 400 021, Maharashtra	Nil	Registered Office
2.	No objection letter from relative of our Promoter Mr Mitesh Bhangdiya	526, 1st Floor Bhangdiya House, Near Getwell Hospital, Dhantoli, Nagpur 440 012, Maharashtra	Nil	Corporate Office
3.	Lease Agreement for 3 years	Kh No 5,16,17,18,20,21,22,24,25, 26/1 of Mouza – Gardapar Tahsil –Bhiwapur , District – Nagpur, Maharashtra	1,00,000 per month	Running Crushers & Minning work Activities
4.	Mining Lease and Prospecting License Cum Mining Lease	Marki Mangli IV – Wardha Valley, Yavatmal, Maharashtra	Fixed Deposit made	Coal Mine allotted by the Government of India

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OUR MANAGEMENT

Our Board of Directors

Our Articles of Association require us to have not less than three (3) and not more than ten (10) Directors. As on date of this Draft Letter of Offer, we have four (4) Directors on our Board, which includes, one (a) Executive Director, one Non-Executive Director who is also the woman director of our Company and two (2) Independent Directors.

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
Shrikant Bhangdiya DIN: 02628216 Date of Birth: 14/04/1984 Designation: Managing Director Address: Plot No. 20-2, H. No. 526, Bhangdiya House, Near Getwell Hospital, Dhantoli, Patwardhan Ground, Nagpur-440 012,, Maharashtra Occupation: Industrialist Term: For a period of 5 Years from 05.12.2020 Nationality: Indian	39	<p>Companies</p> <ol style="list-style-type: none"> 1. Chimur Petgaon Highway Private Limited 2. Bhangdiya Foundation 3. MKS Flexituff Limited 4. Arc Real Estate Developers Private Limited 5. Balaji Stone Crusher & Infraventures Private Limited 6. Mitcon Infraproject Private Limited 7. MKS Constro-Venture Private Limited 8. Lokshahi Publications Private Limited 9. MKS Newsmedia Private Limited 10. MKS Entrepreneur Private Limited 11. MKS Industries Limited 12. BRM Agro Private Limited 13. MKS Manufacturing Private Limited 14. MKS Multimedia Private Limited 15. MKS Buildcon (India) Private Limited 16. Sakshi Gruh Nirman Private Limited <p>Limited Liability Partnerships</p> <ol style="list-style-type: none"> 17. Muditaa Infosoft LLP 18. CPM Road LLP 19. MKS Digitech LLP
Sonal Kirtikumar Bhangdiya DIN: 03416775 Date of Birth: 08/12/1981 Designation: Non- Executive Director Address: Plot No. 20-2, H. No. 526, Bhangdiya House, Near Getwell Hospital, Dhantoli, Patwardhan Ground, Nagpur-440 012, Maharashtra Occupation: Industrialist Term: Appointed with effect from 09.08.2019. Liable to retire by rotation. Nationality: Indian	41	Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
Prashantkumar Lahoti DIN: 00091140 Date of Birth: 27/05/1965 Designation: Non-Executive and Independent Director Address:. 8-2-585/1/B Road No: 10, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh Occupation: Term: For a period of 5 years from 16/03/2020 Nationality: Indian	58	Companies 1. Art Café Private Limited 2. A2F Digital Private Limited 3. Artcube Retail Private Limited 4. Giftosis Online Services Private Limited 5. Saloni Vyapaar Private Limited 6. Vishal Developers and Builders Private Limited Limited Liability Partnerships 7. Kalakriti Ventures LLP 8. Kleanoholic Envirotech LLP
Niresh Maheshwari DIN: 06735182 Date of Birth: 04/08/1978 Designation: Non-Executive and Independent Director Address: 479, Gumasta Nagar, Indore – 452009, Madhya Pradesh Occupation: Professional Term: For a period of 5 years from August 20, 2022 Nationality: Indian	45	Companies 1. Bintellect Infotech Private Limited 2. Wealth Wisdom India Private Limited 3. NPM Corporate Advisory Services Private Limited Limited Liability Partnerships 4. Cubic Capital Advisors LLP

Shrikant Bhangdiya, aged 39 years, is the Managing Director of our Company. He holds a Bachelor's degree in Civil Engineering from Shri Ramdev Baba Kamla Nehru Engineering College, Nagpur University and has done M.S. in Engineering Management from Newark College of Engineering, USA. He has approximately 14 years of experience in manufacturing of technical textile products, Infrastructure project consultancy. Irrigation construction projects, road construction projects, mining, etc.

Sonal Kirtikumar Bhangdiya, aged 42 years, is a Non- Executive Director of our Company. She is a Commerce Graduate and comes from a family of industrialists and has a rich experience over 10 years in business.

Prashantkumar Lahoti, aged 58 years is an independent director of our Company. He holds a Master's Diploma degree in Business Administration from Institute of Managerial Development and Research, Pune.

Niresh Maheswari, aged 45 years is an independent director of our Company. He is a qualified Chartered Accountant and holds a Master's degree in Financial Administration from Devi Ahilya University, Indore. He is also a member of the Arbitration Panel of the Institute of Chartered Accountants of India. He has more than 20 years of experience in the areas of banking, business structuring, debt syndication, mergers and restructuring and other allied activities.

Confirmations

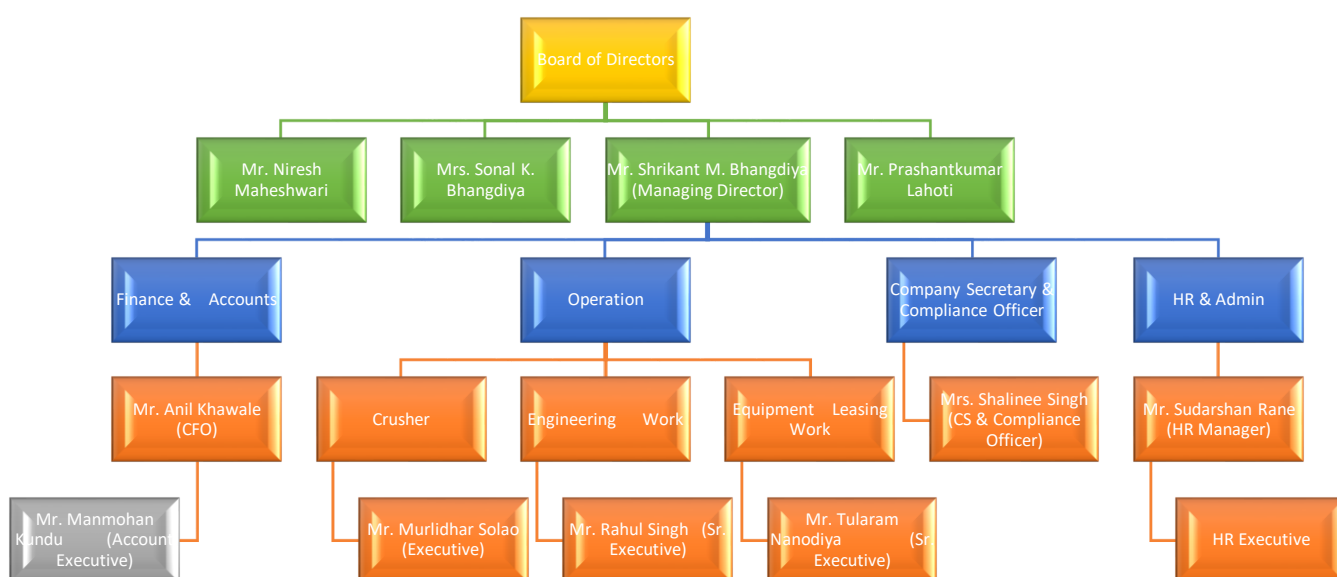
1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five

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 our 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 Organisation Structure of our Company:



Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance are applicable to us, with effect from the quarter ended December 2022..

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act 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 Board Committees, as required under 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. 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 and SEBI Listing Regulations:

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

Details of each of these committees are as follows:

a. Audit Committee

Our Audit Committee was last reconstituted by our Board of Directors in their meeting held on October 21, 2019 with the following members forming a part of the said Committee:

Sr. No.	Name of Member	Designation
1.	Prashant Kumar Lahoti	Chairman
2.	Niresh Maheshwari	Member
3.	Shrikant Bhangdiya	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:

1. Review of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
 - a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions; and
 - g) modified opinions in the draft audit report.
5. Reviewing, with the management, the quarterly financial results before submission to the Board for approval;
6. 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;

7. Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with Internal Auditors of any significant findings and follow up thereon;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
21. To Review 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; and
22. To mandatorily review the following information:
 - management discussion and analysis of financial condition and results of operations;
 - statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - management letters / letters of internal control weaknesses issued by the statutory auditors;
 - internal audit reports relating to internal control weaknesses; and
 - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - statement of deviations:

- quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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 there a minimum of two independent directors are present.

b. Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was last reconstituted on October 21, 2019. The members of the said Committee are as follows:

Sr. No.	Name of Member	Designation
1.	Prashant Kumar Lahoti	Chairman
2.	Niresh Maheshwari	Member
3.	Shrikant Bhangdiya	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 the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders Relationship Committee of our Company include:

- 1) 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.;
- 2) Review of measures taken for effective exercise of voting rights by shareholders;
- 3) 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
- 4) 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 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.

c. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was last reconstituted by our Board of Directors in their meeting held on October 21, 2019 with the following members:

Sr. No.	Name of Member	Designation
1.	Prashant Kumar Lahoti	Chairman
2.	Niresh Maheshwari	Member
3.	Sonal Bhangdiya	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 SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

- 1) 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;
- 2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3) Devising a policy on diversity of board of directors;
- 4) 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;
- 5) 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; and
- 6) Recommend to the Board, all remuneration, in whatever form, payable to senior management.

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.

Additionally, our Company has constituted various operational committees such as the Rights Issue Committee.

Our Key Managerial Personnel

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

Anil Khawale, aged **54** years, is the Chief Financial Officer of our Company. He holds a Bachelor's degree in Commerce from Nagpur University and has about 28 years of experience in accounts and finance. He was appointed with effect from September 21, 2019.

Shaline Singh, aged 38 years, is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in Commerce from University of Mumbai and is a member of the Institute of Company Secretaries of India. She is responsible for handling secretarial matters of our Company and was appointed with effect from February 12, 2020.

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 of Key Managerial Personnel with our Key Managerial Personnel

None of the key managerial personnel are related to each other.

OUR PROMOTERS

Our Promoters are Shrikant Bhangdiya, Aarti Shrikant Bhangdiya, Megha Mitesh Bhangdiya, Sonal Kirtikumar Bhangdiya and Manisha Omprakash Maniyar. As on date of this Draft Letter of Offer, the Promoters of our Company hold, in aggregate of 82,830 Equity Shares constituting 34.51% of our issued, subscribed and paid-up equity share capital.

Our Company confirms that the permanent account number, bank account number and passport number in case of our Individual Promoters shall be submitted to the Stock Exchanges at the time of filing this Draft Letter of Offer.

Our Individual Promoters:

Shrikant Bhangdiya and Sonal Kirtikumar Bhandiya

For details of the educational qualifications, experience, other directorships, positions / posts held by our Individual Promoters, Shrikant Bhangdiya and Sonal Kirtikumar Bhangdiya, please see the chapter titled “*Our Management*” on page 83 of this Draft Letter of Offer.

Aarti Shrikant Bhangdiya

Aarti Shrikant Bhangdiya, wife of Shrikant Bhangdiya, aged 38 years has completed her B.Com from Osmania University, Hyderabad and Diploma in Financial Management from Bhartiya Vidhya Mandir, She has approximately 9 years’ experience in Office Administration. She holds 14,457 Equity Shares constituting 6.02% of our issued, subscribed and paid-up equity share capital.

Other Directorships

The details of the directorships held by Aarti Shrikant Bhangdiya are provided below:

S. No.	Name of the venture	Nature of interest
1.	MKS Industries Limited	Director

Megha Mitesh Bhangdiya

Megha Mitesh Bhangdiya, wife of Miteshkumar Bhangdiya, aged 56 years has passed H.S.C from Pune Board, has over 9 years’ experience in Office Administration. She holds 14,457 Equity Shares constituting 6.02% of our issued, subscribed and paid-up equity share capital.

The details of the directorships held by Aarti Shrikant Bhangdiya are provided below:

S. No.	Name of the venture	Nature of interest
1.	KK Gems Private Limited	Director
2.	MKS Industries Limited	Director
3.	Yuva Shakti Textiles Limited	Director

Manisha Omprakash Maniyar

Manisha Omprakash Maniyar, daughter of Gotulal Ramgopal Bhangadiya, aged 60 years has passed H.S.C from Nagpur Board, has over 9 years’ experience in Office Administration. She holds 14,457 Equity Shares constituting 6.02% of our issued, subscribed and paid-up equity share capital

Confirmations

1. None of our Promoters or members of our Promoter Group have been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.
2. Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. None of our Promoters or Promoter Group entities have 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 Promoters and members of the Promoter Group are not and have never been promoters, directors 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 by SEBI or any stock exchange in the last five Fiscals*' on page 156 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 Promoters.

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RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals, 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: 37 – Related Party Transactions*” at page 120 of this Draft Letter of Offer.

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DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Dividends paid on Equity Shares:

We have not paid any dividends for the last 5 years. For details in relation to the risk involved, see “*Risk Factor No. 14* – **“We have not been paying dividends in the past and our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows”** on page 29 of this Draft Letter of Offer.

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SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

S. No.	Details	Page Number
1.	Restated Audited Financial Statements as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021.	95
2.	Unaudited Limited Reviewed Financial Statements for the quarter ended June 30, 2023	128
2.	Restated Accounting Ratios	135
4.	Restated Statement of Capitalisation	136

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Independent Auditor's Examination Report on Restated Financial Information

To,
Board of Directors,
Sobhaygya Mercantile Limited.

1. We have examined, the attached Restated Financial Information of **Sobhaygya Mercantile Limited** comprising the Restated Statement of Assets and Liabilities as at March 31, 2023, 2022 and 2021, the Restated Statements of Profit and Loss (including other comprehensive income), Restated Statement of changes in equity and the Restated Statement of Cash Flows for the years ended March 31, 2023, 2022 and 2021 and the 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 12th October, 2023 for the purpose of inclusion in the Offer Document prepared by the Company in connection with its proposed Rights Issue of equity shares of the Company (the "Issue") prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act");
 - b) 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 in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").
2. The Company's management is responsible for the preparation of the Restated Financial Information which have been approved by the Board of Directors for the purpose of inclusion in the Offer Document to be filed with Securities and Exchange Board of India and BSE Limited in connection with the proposed Issue. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2a to the Restated Financial Information. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
3. We have examined these 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 15th September, 2023 in connection with the proposed Issue of the Company;
 - b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;



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CHARTERED ACCOUNTANTS

- 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 the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Issue.
4. These Restated Financial Information have been compiled by the Management from the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2023, 2022 and 2021, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time and other accounting principles generally accepted in India which have been approved by the Board at their meetings held on May 30, 2023, May 30, 2022 and June 30, 2021 respectively.
5. For the purpose of our examination, we have relied on reports issued by us dated May 30, 2023, May 30, 2022 and June 30, 2021 on the financial statements of the Company as at and for the years ended March 31, 2023, 2022 and 2021 respectively, as referred in Paragraph 4.
6. Based on our examination and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by us, we report that the Restated Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2022 and 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023;
 - b) do not require any adjustment for modification as there is no modification in the underlying audit reports; and
 - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
7. We, Joshi & Shah, Chartered Accountants have been subjected to peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.



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9. We have also examined the following other financial information relating to the company prepared by the management and as approved by the Board of Directors of the company and annexed to this report relating to the company for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 proposed to be included in the offer document.

Statement of Significant Accounting Policies and Notes to the Restated Financial Information	Note 1, 2 & 3
Restated Property, Plant & Equipment	Note 4
Restated Other Intangible Assets	Note 4
Restated Non-Current Investments	Note 5
Restated Deferred Tax Assets (Net)	Note 6
Restated Inventories	Note 7
Restated Trade Recivables	Note 8
Restated Cash and cash equivalents	Note 9
Restated Bank Balance other than (iii)	Note 10
Restated Other Financial Asset	Note 11
Restated Loans	Note 12
Restated Other current Asset	Note 13
Restated Equity Share Capital	Note 14
Restated Other Equity	Note 15
Restated Long Term Borrowings	Note 16
Restated Long Term Lease Liabilities	Note 17
Deferred Tax Liabilities (Net)	Note 18
Restated Short Term Borrowings	Note 19
Restated Trade Payables	Note 20
Restated Short Term Lease Liabilities	Note 21
Restated Other Current Liabilities	Note 22
Restated Provisions	Note 23
Restated Revenue from Operations	Note 24
Restated Other Income	Note 25
Restated Cost of material consumed	Note 26
Restated Change in inventory	Note 27
Restated Employee benefits expense	Note 28
Restated Finance cost	Note 29
Restated Depreciation and Amortization Expense	Note 4
Restated Power and Fuel Charges	Note 30
Restated Machinery Hire Charges	Note 31
Restated Sub Contract Charges	Note 32
Restated Other expenses	Note 33
Restated Contingent Liabilities	Note 34
Restated Foreign Exchange earnings and out-go	Note 35
Restated Segment Information	Note 36
Restated Related Party Transactions	Note 37



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Restated Financial Instruments	Note 38
Restated Financial Risk Management Objectives and Policies	Note 39
Restated Deferred Taxes on Income	Note 40
Restated Disclosures under Ind AS 116 “Leases”	Note 41
Restated Reconciliation of Balances	Note 42
Restated Earnings Per Share	Note 43
Restated Other Notes	Note 44 to 46
Restated Accounting Ratios	Note 47
Restated CSR Disclosures	Note 48
Restated Reconciliation of Profit & Equity	Note 49
Restated Additional Notes as per Schedule III	Note 50

10. The preparation and presentation of the Restated Financial Information referred above are based on the Audited Ind AS financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Restated Financial Information and information referred to above is the responsibility of the management of the Company.
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 therein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Document to be filed with Securities and Exchange Board of India and BSE Limited in connection with the proposed Issue. 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 Joshi & Shah
Chartered Accountants
Firm Registration No. - 144627W

Jaydip Joshi
Partner
Membership No. - 170300
UDIN:23170300BGYCBD2734



Place: Mumbai
Date: 12th October, 2023

257, Gurunanak Motor Market, V P Road
Prathana Samaj, Mumbai – 400 004

E-mail : joshijaydeep8@gmail.com
Mbl No : +91 9429810731

Unaudited Financial Statement for the quarter ended June 30, 2023 (Limited reviewed)



JOSHI & SHAH
CHARTERED ACCOUNTANTS

Limited Review Report on Quarterly Unaudited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
Board of Directors,
Sobhaygya Mercantile Limited.

We have reviewed the accompanying statement of unaudited financial results of **Sobhaygya Mercantile Limited** for the quarter ended on June 30, 2023 ("the statement") being submitted by the Company pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations")

The statement which is responsibility of company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" (Ind AS 34) prescribe under section 133 of the companies Act 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations read with relevant circulars issued by SEBI. Our responsibility is to issue a report on these financial results based on our review.

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. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Indian Accounting Standards as specified under section 133 of Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing



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CHARTERED ACCOUNTANTS

Obligations and Disclosure Requirements) Regulations, 2015 read with relevant circulars issued by SEBI, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Joshi & Shah
Chartered Accountants
Firm Registration No. - 144627W

Jaydip Joshi
Partner
Membership No. - 170300
UDIN: 23170300BGYCAE5377



Place: Mumbai
Date: 12th August, 2023

257, Gurunanak Motor Market, V P Road
Prathana Samaj, Mumbai – 400 004

E-mail : joshijaydeep8@gmail.com
Mbl No : +91 8291674080

SOBHAGYA MERCANTILE LIMITED

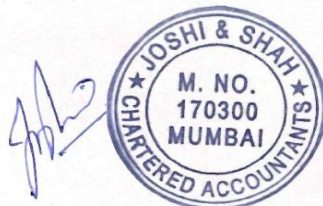
CIN NO: L45100MH1983PLC031671

B-61, Floor 6, Plot No. 210 B Wing Mittal Tower Free Press Journal Marg, Nariman Point, Mumbai- 400 021.
Tel no: 022-22882125, Email id: sobhagyamercantile9@gmail.com Website: www.sobhagyamercantile.com

Unaudited Statement of Assets and Liabilities for Quarter Ended on 30.06.2023

Particulars	(Rs. In Lacs)	
	Quarter ended Unaudited 30.06.2023	Year ended Audited 31.03.2023
(1) ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	179.73	120.09
(b) Capital work-in-progress	-	-
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible assets	108.39	112.16
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financial Assets	-	-
(i) Investments	10.14	9.48
(ii) Trade receivables	-	-
(iii) Loans & Advances	-	-
(iv) Others -deposits	-	-
(i) Deferred tax assets (net)	0.45	0.45
(j) Other non-current assets	-	-
2 Current assets		
(a) Inventories	156.24	85.53
(b) Financial Assets	-	-
(i) Investments	-	-
(ii) Trade receivables (considered good)	6,770.25	5,120.56
(iii) Cash and cash equivalents	2.03	3.75
(iv) Bank balances other than (iii) above	176.88	173.55
(v) Other Financial Asset	190.73	203.69
(vi) Loans	2,597.57	2,597.57
(vii) Others	-	-
(c) Current Tax Assets (Net)	-	-
(d) Other current assets	552.56	351.62
Total Assets	10,744.97	8,778.45
EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share capital	24.00	24.00
(b) Other Equity	3,871.54	3,534.27
2 LIABILITIES		
Non-current liabilities		
(a) Financial Liabilities	-	-
(i) Borrowings	186.23	93.76
(ii) Trade payables	-	-
(iii) Other Financial Liabilities (Lease Liabilities)	23.19	16.10
(iv) Other financial liabilities (other than those specified in item (b), to be specified)	-	-
(b) Provisions	-	-
(c) Deferred tax liabilities (Net)	-	-
(d) Other Financial Liabilities	-	-
Current liabilities		
(a) Financial Liabilities	-	-
(i) Borrowings	551.88	584.48
(ii) Trade payables	-	-
- Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	5,456.16	3,839.29
(iii) Other Financial Liabilities-Lease Liabilities	-	9.45
(b) Other Current Liabilities	144.72	107.90
(c) Provisions	487.25	569.20
(d) Current Tax Liabilities	-	-
Total Equity and Liabilities	10,744.97	8,778.45

Place : Nagpur
Date : 12/08/2023



For and on behalf of the board of Directors
Sobhagya Mercantile Limited

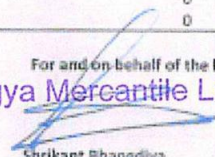
Shrikant Bhangdiya
Managing Director
DIN: 02628216

SOBHAGYA MERCANTILE LIMITED

CIN NO: L45100MH1983PLC031671

B-61, Floor 6, Plot No. 210 B Wing Mittal Tower Free Press Journal Marg, Nariman Point, Mumbai- 400 021.
Tel no:022-22882125, Email id: sobhagyamercantile9@gmail.com Website:www.sobhagyamercantile.com

Unaudited Financial Results for Quarter Ended on 30.06.2023

A	Particulars	(Rs. in Lacs)			
		Quarter ended		Year ended	
		Unaudited 30.6.2023	Audited 31.3.2023	Unaudited 30.6.2022	Audited 31.03.2023
1	Income				
a	Revenue from operations	3,431.87	4,478.50	1,854.76	10,880.50
b	Other Operating Income	202.64	85.62	56.96	327.51
	Total Income	3,634.51	4,564.12	1,911.72	11,208.01
2	Expenses:				
a	Cost of Material consumed	1,881.03	1,064.16	-	3,583.69
b	Changed in Inventories of finished goods, WIP & Stock in Trade	(70.70)	398.05	1,145.34	(48.92)
c	Employee benefits expense	61.81	89.52	20.18	283.60
d	Finance & Interest cost	50.19	11.76	14.37	88.82
e	Depreciation and amortization expense	11.99	13.50	11.36	48.96
f	Power and Fuel Charges	485.25	692.10	231.64	1,596.38
g	Machinery Hire Charges	228.90	362.78	31.91	681.34
h	Sub Contract Charges	66.35	215.94	-	1,623.21
i	Other expenses	469.85	1,092.49	161.17	1,911.47
	Total Expenses	3,184.67	3,940.30	1,615.98	9,768.55
3	Profit / (Loss) from Ordinary activities before exceptional items (1-2)	449.84	623.82	295.75	1,439.46
4	Exceptional items	-	-	-	-
5	Profit / (Loss) from Ordinary activities before tax (3+/-4)	449.84	623.82	295.75	1,439.46
6	Tax expenses	113.22	172.45	59.70	366.70
7	Net Profit / (Loss) from Ordinary activities after tax (5+/-6)	336.62	451.37	236.05	1,072.76
8	Other comprehensive Income, net of Income Tax	0.65	(0.07)	(1.90)	(0.52)
9	Total Comprehensive Income for the period (7+8)	337.27	451.30	234.15	1,072.24
10	Paid-up Equity share capital (Face Value of Rs. 10/- each)	24.00	24.00	24.00	24.00
11	Reserves excluding Revaluation Reserves as per balance sheet	3,871.54	3,534.34	2,696.21	3,871.54
12 i)	Earnings per equity share (before extraordinary items)				
(a)	Basic	140.53	188.04	97.56	446.77
(b)	Diluted	140.53	188.04	97.56	446.77
12 ii)	Earnings per equity share (after extraordinary items)				
(a)	Basic	140.53	188.04	97.56	446.77
(b)	Diluted	140.53	188.04	97.56	446.77
Quarter Ended 30th June, 2023					
B	INVESTOR COMPLAINTS				
	Pending at the beginning of the quarter			0	
	Received during the quarter			0	
	Disposed of during the quarter			0	
	Remaining unresolved at the end of the quarter			0	
Place : Nagpur Date : 12/08/2023		For and on behalf of the board of Directors Sobhagya Mercantile Limited  Shrikant Bhangdiya Managing Director DIN: 02628216			



SOBHAGYA MERCANTILE LIMITED

CIN NO: L45100MH1983PLC031671

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CASH FLOW STATEMENT FOR THE PERIOD ENDED 30.06.2023

(Rs. in Lakh)

PARTICULARS	For the Year			
	Ended 30.06.2023		Ended 31.03.2023	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before Tax as per Profit and Loss Account		449.84	-	1,439.46
Adjusted for:				
Other comper income	(0.65)		0.52	-
Depreciation	11.99		48.96	-
Share of profit from Investment in Firm			(20.24)	-
Interest Exp	50.19		88.82	-
		61.53		118.06
Operating Profit Before Working Capital Changes		511.37		1,557.52
Adjusted for :				
Inventories	(70.70)	-	(48.92)	-
Trade Receivable	(1,649.69)	-	(3,992.10)	-
Other Current Asset	(200.94)	-	(68.55)	-
Other Financial Asset	12.96	-	343.34	-
Loans	-	-	(4.27)	-
Current Tax Assets	-	-	(0.30)	-
Trade Payable	1,616.87	-	1,863.88	-
Other Current Liability	36.82	-	(80.40)	-
Short Term Provision	(81.95)	-	238.25	-
Short Term Borrowings	(32.60)	-	515.50	-
Bank Balance other than cash and cash equivalent	(3.33)	-	(173.56)	-
Lease Liability	(9.45)	-	3.73	-
less: Provision for tax	113.22	(495.24)	366.69	(1,770.07)
Cash from Operating Activities		16.13		(212.55)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets & Capital WIP	(67.86)	-	(149.65)	-
Proceeds from Sale of Investment in Firm	-	-	453.50	-
Profit/Loss from Capital firm	-	-	20.24	-
Increase in Value of Share	0.65	-	(0.52)	-
Movement in Loans & Advances	-	-	-	-
		-	-	-
Net Cash used in Investing Activities		(67.21)		323.57
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds/ (Repayment) of ShortTerm Borrowing	-	-	-	-
Long term Lease Liability	7.09	-	16.10	-
Long term Borrowing	92.46	-	(38.27)	-
Interest Exp	(50.19)	-	(88.82)	-
Net Cash used in Financing Activities		49.36		(110.98)
Net Increase/(Decrease) in Cash and Cash Equivalents :		(1.72)		0.04
Opening Balance of Cash & Cash Equivalents		3.75		3.71
Closing Balance of Cash & Cash Equivalents		2.03		3.75
Components of Closing Cash & Cash Equivalent				
Cash & Bank Balances		2.03	-	3.75

For and on behalf of the board of Directors
Sobhagya Mercantile Limited

Shrikant Bhargdiya
Managing Director
DIN: 02628216
Managing Director



Place : Nagpur
Date : 12/08/2023

SOBHAGYA MERCANTILE LIMITED

CIN NO: L45100MH1983PLC031671

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Segment Information for the period ended on 30th June 2023

(Rs. in Lakh)

Sr.no	Particulars	Quarter ended on	Year ended on
		30.06.2023	31.03.2023
1	Segment Value of Sales and Services		
	Engineering Segment	509.99	4,361.18
	Metal Sale (Stone Crusher) Segment	2,921.88	6,519.31
	Gross Value of Sales & services	3,431.87	10,880.51
	Less: Inter Segment Transfer value of Sales and Services		
	Less: GST Recovered		
	Revenue from operations	3,431.87	10,880.51
2	Segment Results (EBDITA)		
	Engineering Segment	(402.23)	2,056.63
	Metal Sale (Stone Crusher) Segment	1,033.43	405.49
	Total Segment Profit before Interest, Depreciation, Tax and Amortization	631.20	2,462.13
3	Segment Results (EBIT)		
	Engineering Segment	(402.23)	2,056.63
	Metal Sale (Stone Crusher) Segment	1,021.44	356.53
	Total Segment Profit before Interest and Tax	619.21	2,413.17
	(i) Finance cost	(50.19)	(88.82)
	(ii) Other Income	202.64	307.63
	(iii) Other Unallocable Expenses	(321.81)	(1,192.53)
	Profit Before Tax	449.84	1,439.46
	(i) Current Tax	113.22	367.00
	(ii) Deferred Tax		(0.30)
	Profit After Tax	336.62	1,072.76
4	Segment Asset		
	Engineering Segment	2,687.77	1,784.00
	Metal Sale (Stone Crusher) Segment	4,162.25	1,150.20
	Unallocable Assets	3,894.95	5,844.25
	Total Segment Asset	10,744.97	8,778.45
5	Segment Liabilities		
	Engineering Segment	2,967.27	2,115.57
	Metal Sale (Stone Crusher) Segment	1,476.51	1,723.72
	Unallocable Liabilities	2,405.65	1,380.89
	Total Segment Liabilities	6,849.43	5,220.18



For and on behalf of the board of Directors
Sobhagya Mercantile Limited

Shrikant Bhangdiya
Managing Director
DIN: 02628216

Place : Nagpur
Date : 12/08/2023

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following table sets forth the accounting ratios as at March 31, 2023, March 31, 2022 and March 31, 2021:
(all amounts in ₹ Lakhs, unless stated otherwise)

	Particulars	31.03.2023	31.03.2022	31.3.2021
A	Net Worth	3,558.27	2,486.06	1,388.06
B	Profit attributable to the owners of the equity	1,072.76	1,095.94	790.78
C	Number of the shares outstanding at the end of the year	2,40,000	2,40,000	2,40,000
	Weighted Number of the shares outstanding at the end of the year	2,40,000	2,40,000	2,40,000
D	- for basic earnings per share	2,40,000	2,40,000	2,40,000
E	- for diluted earnings per share	2,40,000	2,40,000	2,40,000
F	Basic earnings per share (B/D)	446.77	457.43	330.96
G	Restated diluted earnings per share (B/E)	446.77	457.43	330.96
H	Return on net worth (%) (B/A)	30.15	44.08	56.97
	Net Asset Value per share			
I	- based on weighted average number of shares (A/D)	1482.61	1035.86	578.35
J	- assuming actual number of equity shares with fully diluted capital in prior years (A/E)	1482.61	1035.86	578.35
K	EBITDA	1,577.24	1,406.34	993.57
L	Face value	10	10	10

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period
Diluted EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares and for the effects of all dilutive potential equity shares
Return on Net Worth	Profit/(loss) after tax for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Net Worth
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
Net Asset Value per Equity Share	Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of March 31, 2023
EBITDA	Profit/(loss) after tax for the period adjusted for income tax expense, finance costs, depreciation and amortisation expense, exceptional items, other income as presented in the Resated Financial Statements

Statement of Capitalization

(In ₹ Lakhs)

Particulars		Pre-Issue as at June 30, 2023	As adjusted for the issue (Post Issue) *
Borrowings:			
Current borrowings	A	604.78	[●]
Non-current borrowings	B	182.30	[●]
Total borrowings	C=A+B	787.08	[●]
Shareholder's fund (Net worth)			[●]
Share Capital	D	24.00	[●]
Other Equity^	E	3,877.19	[●]
Total shareholder's fund (Net worth)	F=D+E	3,901.19	[●]
Non-current borrowing's/shareholder's fund (Net worth) ratio	B/F	0.05	[●]
Total borrowings /shareholders' funds (Net worth) ratio	C/F	0.20	[●]

*To be updated in the Letter of Offer

^excludes non-controlling interest

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 unaudited Financial Statements of the Company for the quarter ended June 30, 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is intended to convey our management's perspective of our financial condition and operating performance as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 and as at and for the three month periods ended June 30, 2023 and June 30, 2022 and should be read in conjunction with our Restated Financial Statements and our June Financial Results, including the respective notes thereto, and the related auditors' reports thereon, included in "Restated Financial Information" on page 94. Unless otherwise stated, the financial information used in this section has been derived from our Restated Financial Statements and our June Financial Results.

Our Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. In this Letter of Offer, unless specified otherwise, any reference to the "the Company" or "our Company" refers to Sobhagya Mercantiles Limited, on a standalone basis, and a reference to "we", "us" or "our" is a reference to our Company together with our Subsidiaries, on a consolidated basis.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors" and "Our Business" on pages 23 and 76, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations. Also see "Forward Looking Statements" on page 17.

BUSINESS OVERVIEW

Our Company's business operations is in the Infrastructure Sector with key focus on infrastructure construction, engineering, mining, and other allied activities. We are a constituent of the MKS Group and offer competitive business solutions in the areas of Civil Engineering, Land, Township & Road Development, Manufacturing, Mining, Steel and more.

Business Strategies

1. Foray into Steel Manufacturing

We have recently diversified into the steel manufacturing realm and are in the process for setting-up a state-of-the-art steel plant. The facility shall be equipped with the latest technology and strengthened by a team of innovative and highly-skilled product specialists and engineers, which will enable us to produce quality steel. This strategic venture will yield high-calibre steel, essential for superior construction and various crucial industries. We aspire to evolve into a premier steel manufacturer, expanding both capacity and expertise, to bolster key sectors.

2. Entering the area of Coal Mining

We intend to enter the area of coal mining operations of the recently coal mine which has been allotted to our Company.

3. Investment in state of art equipment

Escalating adoption of automation in the construction processes has led to an increase in the demand for equipment leasing. We have invested in an extensive fleet of state-of-the-art construction equipment that meet global standards, including aggregate crushers. We have emerged as a preferred partner by private and public

construction entities across India and intend to capitalise on the same and provide quality equipment on a lease basis.

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 23 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 Infrastructure and Construction Industry;
- 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;
- 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 94 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 94 of this Draft Letter of Offer has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

The Audit 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 2023 and Financial Year 2022, together with the percentage that each line item represents of our total revenue for the periods presented.

(₹ in Lakhs)

Particulars	FY 2023		FY 2022	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Income				
Revenue from operations	10,880.50	97.08	6,655.58	92.93
Other Income	327.51	2.92	506.31	7.07
Total Income	11,208.01	100.00	7,161.89	100.00
Expenses				
Cost of materials consumed	3,583.69	31.97	2,555.54	35.68
Change in Inventory	(48.92)	(0.44)	(30.21)	(0.42)
Employee Benefit Expenses	283.60	2.53	185.43	2.59
Finance Cost	88.82	0.80	48.93	0.68
Depreciation and amortization expense	48.96	0.43	52.91	0.74
Power and Fuel Charges	1,596.38	14.24	225.71	3.15
Machine Hire Charges	681.34	6.08	21.87	0.31
Sub Contract Charges	1,623.21	14.48	957.65	13.37
Other Expenses	1,911.47	17.05	1,839.57	25.69
Total Expenses	9,785.55	87.31	5,856.68	81.78
Profit / (Loss) before exceptional items and Tax	1,439.46	12.84	1,305.22	18.22
Exceptional Items	0.00	0.000	0.00	0.00
Restated Profit /(Loss) before tax	1,439.46	12.84	1,305.22	18.22
Tax Expense				
Current Tax	367.00	3.27	212.57	2.97
Deferred Tax	(0.30)	(0.003)	(3.29)	(0.05)
Prior Period Tax Adjustments	0.00	0.00	0.00	0.00
Profit / (Loss) After Tax	1,072.76	9.57	1,095.94	15.30
Other Comprehensive Income/(Loss)	(0.52)	(0.005)	1.91	0.03
Total Comprehensive Income /(Loss) for the Year	1,072.24	9.57	1097.94	15.33
Earnings per Share (Basic) (in Rs.)	446.77		457.43	
Earnings per Share (Diluted) (in Rs)	446.77		457.43	

Total income

Revenue from operations

Our revenue from operations comprises of revenue from engineering consultancy and metal sales.

Other Income

Other income comprises of machine hire receipt and miscellaneous receipt.

Expenses

Our expenses consist of cost of materials consumed, employee benefit expense, power and fuel cost, finance cost, machinery hire charges, sub-contract charges, finance cost, depreciation and amortisation expenses and other expenses.

Cost of Materials consumed

Our cost of materials consumed cost of material purchased.

Employee benefit expenses

Employee benefit expense consists of salaries and wages.

Finance Costs

Finance Costs consists of interest on loan, interest on statutory dues and other interest

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 consultancy charges for DP, Survey and Mapping, Crusher Handling Charges, Crusher Site Expenses, Drilling and Blasting Charges, Royalty Expenses, Transportation expenses, other miscellaneous expenses and payment to auditors.

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 2023 compared to Financial Year 2022

Total Revenue

The total revenue for Financial year ended March 31, 2023 increased from ₹ 7,169.89 lakhs during the financial year ended March 31, 2022 to ₹11,208.01 lakhs during the financial year ended March 31, 2023, an increase of ₹4,406.12 lakhs or 56.50%. This increase was due to an increase in revenue from engineering consultancy and metal sales.

Revenue from operations

Our revenue from operations increased from ₹6,655.88 lakhs during the financial year ended March 31, 2022 to ₹ 10,880.50 lakhs in financial year ended March 31, 2023, an increase of ₹ 4,224.92 Lakhs or 63.48%.

This increase was due to an increase in revenue from both our divisions, engineering consultancy and metal sales during the financial year ended March 31, 2023 as compared to the previous year.

Other income

Other income decreased from ₹506.31 lakhs to ₹ 327.51 lakhs, a decrease of ₹178.80 lakhs or 35.31%, Although there was an increase in receipt of machine hire charges, there was a substantial decrease in miscellaneous receipts.

Expenses

Out total expenses increased from ₹5,856.68 lakhs for the financial year ended March 31, 2022 to ₹9,785.55 lakhs for the financial year ended March 31, 2023 which was an increase of ₹3,928.87 lakhs or 67.08%. This was due to an increase in cost of materials consumed, employee cost, finance costs, power and fuel costs and increase in other expenses.

Cost of Materials Consumed

Our cost of material consumed increased from ₹2,555.54 lakhs for the financial year ended March 31, 2022 to ₹3,583.69 lakhs for the financial year ended March 31, 2023 which was an increase of ₹1,028.15 lakhs or 40.23% This was due to an increase in the cost of materials purchased in the current year as compared to the previous year.

Employee benefit expenses

Employee benefits expense for the year ended March 31 2023 was 283.60 lakhs as compared to ₹ 185.43 lakhs for the year ended March 31, 2022. This was an increase of ₹ 98.17 lakhs or 52.94 % over the previous year. This was due to an increase in salaries and wages.

Finance Costs

Finance costs for the year ended March 31, 2023 was ₹88.82 lakhs as compared to ₹48.93 lakhs for the year ended March 31, 2022, an increase of ₹39.89 lakhs or 81.52 % This was due to the availing of working capital loan to the extent of ₹ 431.10 lakhs.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the year ended March 31, 2023 was ₹52.91 lakhs as compared to ₹48.96 Lakhs for the year ended March 31, 2022, a decrease of ₹ 3.95 lakhs or 7.47%. This was due to no additions to plant and machinery in the current year.

Power and Fuel Charges

Power and Fuel charges for the year ended March 31, 2023 was ₹1596.38 lakhs as compared to ₹225.71 lakhs for the year ended March 31, 2022, an increase of ₹1,370.67 lakhs or 607.27 % This was due to the increase in consumption of power and fuel due to increase in our mining and engineering activities.

Machine Hire Charges

Machine hire charges for the year ended March 31, 2023 was ₹681.34 lakhs as compared to ₹21.87 lakhs for the year ended March 31, 2022, an increase of ₹659.47 lakhs or 3015.41% This was due to the increase in our scale of operations and the consequent hire of machinery to execute them.

Sub-Contract Charges

Sub-Contract charges for the year ended March 31, 2023 was ₹1,623.21 lakhs as compared to ₹957.65 lakhs for the year ended March 31, 2022, an increase of ₹ 665.56 lakhs or 69.50% This was due to the increase in our scale of operations and the consequent increase in sub-contract charges for executing our works.

Other expenses

Other expenses for the year ended March 31, 2023 ₹ 1,911.47 lakhs as compared to ₹ 1,839.57 Lakhs for the year ended March 31, 2022, an increase of ₹ 71.90 Lakhs or 3.91 %. This was due to an increase in crusher site expenses while the other components of other expense has decreased.

Profit/(Loss) before Tax

The profit before tax for the year ended March 31, 2023 was ₹ 1,439.46 lakhs as compared to ₹ 1,305.22 lakhs for the year ended March 31, 2022, an increase of ₹ 134.24 Lakhs or 10.28 %. This was due to an increase in revenue form operations and a marginal increase in expenses.

Taxation

Total tax expense for the year ended March 31, 2023 was ₹ 366.70 akhs as compared to ₹ 209.28 lakhs for the year ended March 31, 2022.

Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year for the year ended March 31, 2023 of ₹ 1,072.76 lakhs as compared to ₹ 1,095.94 lakhs for the financial year ended March 31, 2022.

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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.

(₹ in Lakhs)

Particulars	FY 2022		FY 2021	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Income				
Revenue from operations	6,655.58	92.93	3,819.66	90.14
Other Income	506.31	7.07	417.76	9.86
Total Income	7,161.89	100.00	4,237.42	100.00
Expenses				
Cost of materials consumed	2,555.54	35.68	1,375.62	32.46
Change in Inventory	(30.21)	(0.42)	(6.22)	-0.15
Employee Benefit Expenses	185.43	2.59	130.68	3.08
Finance Cost	48.93	0.68	17.23	0.41
Depreciation and amortization expense	52.91	0.74	50.43	1.19
Power and Fuel Charges	225.71	3.15	170.22	4.02
Machine Hire Charges	21.87	0.31	77.73	1.83
Sub Contract Charges	957.65	13.37	0.00	0.00
Other Expenses	1,839.57	25.69	1,495.82	35.30
Total Expenses	5,856.68	81.78	3,311.51	78.15
Profit / (Loss) before exceptional items and Tax	1,305.22	18.22	925.91	21.85
Exceptional Items	0.00	0.00	0.00	0.00
Restated Profit /(Loss) before tax	1,305.22	18.22	925.91	21.85
Tax Expense				0.00
Current Tax	212.57	2.97	133.64	3.15
Deferred Tax	(3.29)	(0.05)	1.49	0.04
Prior Period Tax Adjustments	0.00	0.00	0.00	0.00
Profit / (Loss) After Tax	1,095.94	15.30	790.78	18.66
Other Comprehensive Income/(Loss)	1.91	0.03	3.52	0.08
Total Comprehensive Income /(Loss) for the Year	1097.94	15.33	794.20	18.74
Earnings per Share (Basic) (in Rs.)	457.43		330.96	
Earnings per Share (Diluted) (in Rs)	457.43		330.96	

Total income

Revenue from operations

Our revenue from operations comprises of revenue from engineering consultancy and metal sales.

Other Income

Other income comprises of miscellaneous receipts.

Expenses

Our expenses consist of cost of materials consumed, employee benefit expense, power and fuel cost, finance cost, machinery hire charges, sub-contract charges, finance cost, depreciation and amortisation expenses and other expenses.

Cost of Materials consumed

Our cost of materials consumed cost of material purchased.

Employee benefit expenses

Employee benefit expense consists of salaries and wages.

Finance Costs

Finance Costs consists of interest on loan, interest on statutory dues and other interest

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 consultancy charges for DP, Survey and Mapping, Crusher Handling Charges, Crusher Site Expenses, Drilling and Blasting Charges, Royalty Expenses, Transportation expenses, other miscellaneous expenses and payment to auditors.

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 ₹ 4,237.42 lakhs during the financial year ended March 31, 2021 to ₹ 7161.89 lakhs an increase of ₹2,942.47 lakhs or 69.02% . This increase was due to an increase in revenue from our metal division and a substantial increase in revenue from our engineering consultancy division.

Revenue from operations

Our revenue from operations increased from ₹3,819.66 lakhs during the financial year ended March 31, 2021 to ₹6,655.88 lakhs in financial year ended March 31, 2022, an increase of ₹ 2,835.92 lakhs or 74.25%. This was mainly due to an increase in revenue during the financial year ended March 31, 2022 from our metals division and a substantial increase in revenue from our engineering consultancy division.

Other income

Other income increased from ₹417.76 lakhs to ₹506.31 lakhs, an increase of ₹88.55 lakhs or 21.20%, This increase was due to an increase in miscellaneous receipt.

Expenses

Out total expenses increased from ₹ 3311.51 Lakhs for the financial year ended March 31, 2021 to ₹5,856.68 lakhs for the financial year ended March 31, 2022 which was an increase of ₹2,545.17 lakhs or 76.86 % This was due to an increase in cost of materials consumed, finance costs, power and fuel expenses and increase in other expenses.

Cost of Materials Consumed

Our cost of material consumed increased from ₹1,375.62 lakhs for the financial year ended March 31, 2021 to ₹2,555.54 lakhs for the financial year ended March 31, 2022 which was an increase of ₹1,179.92 lakhs or 85.77% This was due to an increase in the cost of materials purchased in the current year as compared to the previous year due to an increase in the scale of operations.

Employee benefit expenses

Employee benefits expense for the year ended March 31 2022 was ₹185.43 lakhs compared to ₹ 130.68 lakhs for the year ended March 31, 2021. This was an increase of ₹ 54.75 lakhs or 41.90 % over the previous year. This was due to an increase in salaries and wages.

Finance Costs

Finance costs for the year ended March 31, 2022 was ₹48.93 lakhs as compared to ₹17.23lakhs for the year ended March 31, 2021, an increase of ₹31.70 lakhs or 183.98% This was due to an increase in borrowings in the nature of MSME loans from banks .

Depreciation and Amortisation Expense

Depreciation and amortization expense for the year ended March 31, 2022 was ₹.52.91 lakhs as compared to ₹50.43 Lakhs for the year ended March 31, 2021, an increase of ₹2.48 lacs or 4.92%. This was due to a marginal addition in equipment.

Power and Fuel Charges

Power and Fuel charges for the year ended March 31, 2022 was ₹225.71 lakhs as compared to ₹ 170.22 for the year ended March 31, 2021, an increase of ₹55.49 lakhs or 32.60 % This was due to the increase in consumption of power and fuel due to increase in our mining and engineering consultation activities.

Machine Hire Charges

Machine hire charges for the year ended March 31, 2022 was ₹ ₹21.87 lakhs as compared to ₹ 77.73 lakhs or the year ended March 31, 2021, a decrease of ₹ 55.86 lakhs or (71.86%)%. This was due to a reduction in the hiring of machinery

Sub-Contract Charges

Sub-Contract charges for the year ended March 31, 2022 was ₹957.65 lakhs as compared to ₹ Nil for the year ended March 31, 2021, an increase of ₹ 957.65 lakhs or 100% This was due to the increase in our scale of operations and the consequent increase in sub-contract charges for executing our works.

Other expenses

Other expenses for the year ended March 31, 2022 was ₹ 1,839.57 lakhs as compared to ₹1,495.82 Lakhs for the year ended March 31, 2021, an increase of ₹343.75 lakhs or 22.98 % over the previous year. This was due to an increase in drilling, blasting and transportation expenses.

Profit/(Loss) before Tax

The profit before tax for the year ended March 31, 2022 was ₹ 1,305.22 lakhs as compared to ₹ 925.91 lakhs for the year ended March 31, 2021, an increase of ₹ 379.31 lakhs or 40.97%. This was due to an increase in revenue and a marginal increase in expenses.

Taxation

Total tax expense for the year ended March 31, 2022 was ₹ 209.28 lakhs as compared to ₹ 135.13 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 ₹ 1,095.94 lakhs as compared to ₹ 790.78 lakhs for the financial year ended March 31, 2021.

Comparison of Historical Results of Operations

Three months period ended June 30, 2023 compared with Three months period ended June 30, 2022.

Particulars	Three Month period ended 30.06.2023		Three month period ended 30.06.2022	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Income				
Revenue from operations	3,431.87	94.42	1,854.76	97.02
Other Income	202.64	5.58	56.96	2.98
Total Income	3,634.51	100.00	1,911.72	100.00
Expenses		0.00		0.00
Cost of Materials consumed	1,881.03	51.75	0.00	0.00
Change in inventories	(70.70)	-1.95	1,145.34	59.91
Employee Benefit Expenses	61.81	1.70	20.18	1.06
Finance Cost	50.19	1.38	14.37	0.75
Depreciation and amortization expense	11.99	0.33	11.36	0.59

Particulars	Three Month period ended 30.06.2023		Three month period ended 30.06.2022	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Power and Fuel Charges	485.25	13.35	231.64	12.12
Machinery Hire Charges	228.90	6.30	31.91	1.67
Sub Contract Charges	66.35	1.83	0.00	0.00
Other Expenses	469.85	12.93	161.17	8.43
Total Expenses	3,184.67	87.62	1,615.98	84.53
Profit / (Loss) before exceptional items and Tax	449.84	12.38	295.75	15.47
Exceptional Items	0.00	0.00	0.00	0.00
Profit /(Loss) before tax	449.84	12.38	295.75	15.47
Tax Expenses	113.22	3.12	59.70	3.12
Prior Period Tax Adjustments	0.00	0.00	0.00	0.00
Profit / (Loss) After Tax	336.62	9.26	236.05	12.35
Other Comprehensive Income/(Loss)	0.65	0.02	(1.90)	-0.10
Total Comprehensive Income /(Loss)for the Year	337.27	9.28	234.15	12.25
Earnings per Share (Basic) (in Rs.)	140.53		97.56	
Earnings per Share (Diluted) (in Rs)	140.53		97.56	

Total Revenue

Our total revenue for the three month period ended June 30, 2023 was ₹3,634.51 lakhs as compared to ₹ 1,911.72 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 1,722.71 lakhs or 90.12%. This was due to an increase in revenue from operations and other income.

Revenue from Operations

For the reasons stated above, our revenue from operations for the three month period ended June 30, 2023 ₹3,431.87 Lakhs as compared to ₹ 1,854.76 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 1,577.11 lakhs or 85.03%. This was due to an increase in revenue from our engineering consulting division and our metals division.

Other Income

Our Other Income for the three month period ended June 30, 2023 was ₹202.64 lakhs as compared to ₹ 56.96 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 145.68 lakhs or 255.76 %.

Total Expenses

Our total expenses for the three month period ended June 30, 2023 was ₹ 3,184.67 lakhs as compared to ₹ 1,615.98 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 1,568.69 Lakhs or 97.07%. This was because of an increase in cost of materials consumed, employee benefit expenses, finance costs and

Cost of Materials Consumed

Cost of materials consumed for the three month period June 30, 2023 was ₹1,881.03 lakhs as compared to ₹ Nil for the corresponding three month period ended June 30, 2022, an increase of ₹ 1,881.03 lakhs or 100%. This was due to an increase of purchase of materials.

Employee benefit Expenses

Our employee benefit expenses increased to ₹61.81 lakhs for the three month period ended June 30, 2023 as compared to ₹ 20.18 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 41.63 lakhs or 206.29. This was because of increase in salaries and wages.

Finance Costs

Our finance costs reduced from reduced from ₹ 14.37 lakhs for the three month period ended June 30, 2022 to ₹ 50.19 lakhs for the corresponding three month period ended June 30, 2023 , an increase of ₹ 35.82 lakhs or 249.27 %. This was because our company availed loans from bankers during this period.

Depreciation and Amortization

Our depreciation and amortization expenses increased from ₹ 11.36 lakhs for the three month period ended June 30, 2022 as compared to ₹ 11.99 lakhs for the corresponding three month period ended June 30, 2023, an increase of ₹ 0.63 lakhs or 5.55 %. There has been no major addition to plant and machinery.

Power and Fuel

Our power and fuel expenses increased from ₹ 231.64 lakhs for the three month period ended June 30, 2022 to ₹ 485.25 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 253.61 lakhs or 109.48 %. This was due to an increase in power costs due to our increased scale of operations.

Machine Hire Charges

Our machine hire charges increased from ₹ 31.91 lakhs for the three month period ended June 30, 2022 to ₹ 228.90 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 196.99 lakhs or 617.33 %. This was due to an increase in machine hire charges due to our increased scale of operations.

Sub-Contract Charges

Our machine hire charges increased from ₹ Nil for the three month period ended June 30, 2022 to ₹ 66.35 lakhs for the corresponding three month period ended June 30, 2023, an increase of ₹ 66.35 lakhs or 100%. This was due to an increase in sub-contacting charges due to our increased scale of operations.

Profit Before tax

Because of the reasons stated above, our profit before tax was ₹449.84 lakhs for the three month period ended June 30, 2023 as compared to ₹ 295.75 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹154.09 lakhs or 52.10 %.

Tax Expenses

Our tax expenses for the three month period ended June 30, 2023 was ₹ 113.22 lakhs as compared to ₹ 59.70 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 53.52 lakhs or 89.65%.

Profit After Tax

For the reasons stated above, our profit after tax was ₹ 336.62 lakhs for the three month period ended June 30, 2023 as compared to ₹ 236.05 lakhs for the corresponding three month period ended June 30, 2022, an increase of ₹ 100.57 lakhs or 42.61%.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Net Cash Flow generated from/ (used in) Operating Activities (A)	(212.54)	(1448.50)	161.30
Net Cash Flow generated from / (used) in Investing Activities (B)	323.57	1309.59	19.82
Net Cash Flow generated from / (used) in Financing Activities (C)	(110.98)	(48.92)	5.04
Net increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	0.05	(188.13)	186.16
Cash and cash equivalents at the beginning of the year/period	3.71	191.84	5.67
Cash and cash equivalents at year/ period end	3.75	3.71	191.84

Cash generated from Operating Activities

Net cash used from operating activities for the year ended March 31, 2023 was ₹ (212.54) lakhs as compared to the profit/(loss) before tax of ₹1439.46 lakhs for the same period. This difference is primarily on account of account of depreciation, share of profit from investment firm, decrease in inventories, trade receivables, other current asset, loans, current tax bank balance and an increase in other financial asset, trade payables, short term provisions and short term borrowings.

Net cash used in operating activities for the year ended March 31, 2022 was ₹ (1448.50) lakhs as compared to the profit/(loss) before tax of ₹ 1305.22 lakhs the same period. This difference is primarily on account of depreciation, share of profit from investment firm, decrease in inventories, increase in trade receivables, decrease in other financial assets, other current liabilities, short term provisions and an increase in trade payables.

Net cash used in operating activities for the year ended March 31, 2021 was ₹ 161.30 lakhs as compared to the profit/(loss) before tax of ₹ 925.91 lakhs the same period. This difference is primarily on account of share of profit from investment firm, decrease in inventories, trade receivables, other current asset, loans, current tax bank balance and an increase in other financial asset, trade payables, short term provisions and short term borrowings.

Net Cash used in Investing Activities

Net cash generated in investing activities for the year ended March 31, 2023 was ₹ 323.57 lakhs. This was on account of sale of property, Plant and Equipment and proceeds from sale of investment in a firm.

Net cash used in investing activities for the year ended March 31, 2022 was ₹ 1309.59 Lakhs. This was on account of profit from capital firm or investment in firm and sale of plant and machinery.

Net cash used in investing activities for in Capital firm and sale of plant and machinery and loss from sale of investment in firm.

Net Cash flow used in Financing Activities

Net cash flows used in financing activities for the year ended March 31, 2023 was ₹ (110.98) lakhs. This was on account of repayment of long term borrowings and interest thereon.

Net cash flows used in financing activities for the year ended March 31, 2022 was ₹ (48.92) Lakhs. This was on account of repayment of borrowings.

Net cash flows used in financing activities for the year ended March 31, 2022 was ₹ 5.04 Lakhs. This was on account of increase in long term borrowings in the same year.

Contingent Liabilities

There were no contingent liabilities as on March 31, 2023.

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 arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables.

Individual risk limits are set accordingly. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The company considers reasonable and supportive forward-looking information.

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive interest rate risk management. The company is not exposed to significant interest rate risk as at the respective reporting dates.

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Company's net liquidity position on the basis of expected cash flows vis a vis debt service fulfillment obligation.

Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings. The company manages market risk through a risk management committee engaged in, inter-alia, evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy on a yearly basis

Foreign Currency risk

The company is not exposed to significant foreign currency risk at the respective reporting dates.

RELATED PARTY TRANSACTIONS

For details of our related party transactions, see "Restated Financial Information - Related Party Transactions" on page 120 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 23 and page 137 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 23 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 23 and 137 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 76 of this Draft Letter of Offer.

Total Turnover of Each Major Business Segment

We are operating only in one segment which is construction – roads and railways.

New Product or Business Segment

Except as disclosed in “Our Business” on page 76 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 June 30, 2023, 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 all the borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on August 31, 2023, our total secured borrowings was ₹ 681.36 lakhs and our total unsecured borrowings was ₹ 105.72 lakhs.

SECURED BORROWINGS BY OUR COMPANY

Category of borrowing	Outstanding amount as on August 31, 2023 (₹ in Lakhs)
Vehicle Loan from ICICI Bank	63.73
GECL MSME Loan from Bank of Maharashtra	118.57
Cash Credit from Bank of Maharashtra	499.06
Total	681.36

Terms of the Secured Loan

Name of the Lender	Type of Loan	Date of Sanction	Principal Amount outstanding as on August 31, 2023 (in ₹ lakhs)	Interest per Annum (%)	Security	Tenor / Repayment Schedule
ICICI Bank	Vehicle Loan	15/06/2023	63.73	10.25%	Secured by first charge on corresponding equipment financed	35 months
Bank of Maharashtra	GECL MSME Loan	02//12/2021	118.57	8.05%	secured by hypothecation of present and future stock of raw materials, work-in-progress, finished goods, stores and spares (not relating to plant and machinery) ,book debts, outstanding monies, receivables, claims, bills.	48 months
Bank of Maharashtra	Cash Credit	21/11/2022	499.06	12.30%	hypothecation of present and future stock of raw materials, Work-in-progress, finished goods, stores and spares (not relating to plant and machinery), book debts, outstanding monies, receivables, claims, bills	Renewed annually based on the Drawing Power Limit33

UNSECURED BORROWINGS

Our Company has availed the following unsecured loans, repayable on demand as under:

Category of borrowing	Outstanding amount as on August 31 , 2023 (₹ in Lakhs)
Unsecured loans from promoters	105.72
Total	105.72

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and actively being traded on BSE

- a. Year is a Financial Year;
- b. 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;
- c. 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
- d. 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	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the Year
2023	11.59	22.02.2023	25	289	4.87	26.04.2022	1	4	7.77
2022	4.64	13.12.2021	1	4	1.64	07.05.2021	1982	3250	2.88
2021	No records available								

(Source: 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 last five calendar months

The total number of days trading during the past five months, from April 2023 to August 2023 was

The average volume of Equity Shares traded on BSE was 1725 shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on BSE during the last Nine months preceding the date of this Letter of Offer are as follows:

Month (2021)	High	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low	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	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
May	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
June	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
July	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
August	12.76	24.08.2023	250	3190	12.16	17.08.2023	3200	38912	12.46
September	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(Source: 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 August 12, 2023. The high and low prices of our Company's shares as quoted on BSE on August 14, 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 ₹)
14.08.2023	No trade	Not applicable	Not applicable

(Source: www.bseindia.com)

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SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors, Subsidiaries or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors, Subsidiaries or Promoters; or (iii) claim involving our Company, Directors, Subsidiaries or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors, Subsidiaries or Promoters (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to the materiality policy approved by our Board in its meeting held on August 12, 2023 (“Materiality Policy”) (as disclosed herein below).

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. involving our Company, Promoters and Directors:

- i. where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of 100 lakhs. Accordingly, we have disclosed all such outstanding litigation proceedings where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of ₹ 100 lakhs; and*
- ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company have been considered “material”;*

B. involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no (i) disciplinary action taken against any of our Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Letter of Offer which may have a material impact on our Company.

*Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom the Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 10% per cent of the total trade payables of our Company as per the most recently completed Fiscal as per the Restated Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 38.29 lakhs (being approximately 10 per cent. of total trade payables of our Company as at March 31, 2023 as per the Restated Standalone Financial Information) (“**Material Dues**”). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”) will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. Criminal Proceedings - Nil

2. Actions taken by Statutory/Regulatory Authorities – Nil
3. Tax Proceedings

Outstanding Income Tax Demand as on date of this Draft Letter of Offer against Our Company Sobhagya Mercantile Limited

AY	Demand date	Section code	Accrued interest	Outstanding demand amount in Rs.	Total
2021	17-Sep-2022	1431a	1766628	14721980	16488608
2022	16-March-2023	1431a	215188	Nil	215188
					16703796

4. Other Material Litigations- NIL
5. Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals

Except as stated below, no disciplinary action has been taken against our Company by SEBI or Stock Exchanges in the past five years or is outstanding against us, as on date of this Letter of Offer:

- a) BSE has imposed a penalty of Rs.20,000 in September 2022 for the delay in filing of the unaudited quarterly results for the quarter ended June 30,2023 with a delay of 7 days. Our Company has paid the penalty.

ii. Litigation by our Company

1. Criminal Proceedings- Nil
2. Civil and other Material Litigations - Nil

2. LITIGATION INVOLVING OUR PROMOTERS

Cases filed against our Promoter

1. Criminal Proceedings - Nil
2. Actions taken by Statutory/Regulatory Authorities - Nil
3. Tax Proceedings

a. Income Tax Appeal No: 102 of 2017 in the High Court of Bombay, Nagpur Bench against Mr Shrikant Bhangdiya

The Income Tax Department has filed an appeal against our Promoter and Managing Director, Mr Shrikant Bhangdiya, in the High Court of Judicature at Bombay, Nagpur Bench with a plea to set aside the Order of the Income Tax Appellate Tribunal Nagpur Bench dated June 28, 2017. The Nagpur Bench of the Income Tax Appellate Tribunal set aside the Order of the Income Tax Department that the income of ₹ 1,13,51,850/ earned by the sale of agricultural land was subject to Tax. The Income Tax Department has filed the said appeal aggrieved by the dismissal of the Matter by the Tribunal. Mr Shrikant Bhangdiya has filed a reply and the matter is yet to be heard by the High Court.

b. Outstanding Income Tax demand as on date of this Draft Letter of Offer against Our Promoters is as follows :

AY	Name of the Assessee	Date of demand raised	Section code	Accrued interest	Outstanding demand Amount	Total Amount in Rs.
2020	Sonal KirtiKumar Bhangdiya	31-March-2021	1431a	10890	36380	47.270
2014	Shrikant Mitesh Bhangdiya	16-Oct-2016	1433	Nil	194620	1.94.620
2017	Shrikant Mitesh Bhangdiya	23-April-2018	1431a	Nil	17830	17.830
2020	Shrikant Mitesh Bhangdiya	28-March-2021	1431a	6180	20660	26.840
2021	Shrikant Mitesh Bhangdiya	28-May-2022	1431a	Nil	1333350	13.33.350
					Total	16.19.910

4. Other Material Litigations - Nil

5. Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals -Nil

Cases filed by our Promoter

1. Criminal Proceedings - Nil
2. Other Material Litigations - Nil

3. LITIGATION INVOLVING OUR DIRECTORS

Cases filed against our Directors

1. Criminal Proceedings – Nil
2. Actions taken by Statutory/Regulatory Authorities - Nil
3. Tax Proceedings - Nil
4. Other Material Litigations - Nil
5. Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals – Nil

Cases filed by our Directors

1. Criminal Proceedings – Nil
2. Other Material Litigations - Involving our Independent Director Mr Prashant Kumar Lahoti

A Writ Petition has been filed before the High Court of Andhra Pradesh at Hyderabad by our Director Mr Prashant Kumar Lahoti and his wife Ms Rekha Lahoti (WP No: 20399 of 2008) against the Government of Andhra Pradesh, The Special Officer and Competent Authority Urban Land Ceiling, Hyderabad, The District Collector, Hyderabad and The Tahsildar Shaikpet, at Banjara Hills, Hyderabad under Section 151 of CPC praying that the Hon'ble High Court stay all further proceedings including dispossession of the petitioners from the land at Shaikpet Village, Banjara Hills, Hyderabad pending WP NO: 15746 / 2008 on the files of the High Court. The Court passed an Order directing that Status Quo obtaining as on Today (i.e. 22.07.2008) be maintained by both the parties. There is no further progress in the matter.

4. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated **September 12, 2023** our Company has **nil** material creditors, as on March 31, 2023.

As on March 31, 2023, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

(₹ in lakhs)

Particulars	Amount
Outstanding dues to small scale undertakings	Nil
Outstanding dues to other creditors	3,839.29
Total outstanding dues	3,839.29

For further details, refer to the section titled “Financial Information” on page 94 of this Draft Letter of Offer.

5. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS / FRAUDULENT BORROWERS

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful 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. None of our Promoters or Directors have been categorised as a Fraudulent Borrower.

MATERIAL DEVELOPMENTS

Except as stated below and in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since June 30, 2023, 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.

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OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors at its meeting held on August 12, 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 in consultation with the Lead Manager 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 August 12, 2023 pursuant to its resolution dated October 17, 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 167.

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 not in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

- (1) Our Company has delayed filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with the SEBI.
- (2) The reports, statements and information referred to above are available on the website of BSE.
- (3) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at least once every year and as and when required, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company does not satisfy the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer have been made in terms of Part B-1 of Schedule VI of SEBI ICDR Regulations.

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, our Directors and our Lead Manager

Our Company, our Directors and our Lead Manager 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.sobhagyalttd.com.

All information shall be made available by our Company and our Lead Manager 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 centre.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft 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 Draft 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 Draft 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.

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, SAUDI ARABIA, 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*” at Page 167. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Purva Sharegistry (India) Private Limited

Unit No. 9, Ground Floor, Shiv Shakti Industrial Estate,
J. R. Boricha Marg, Near Lodha Excelus, Lower Parel East,
Mumbai – 400011, Maharashtra,

Contact Details: +91 22 4961 4132 / 3199 8810

Email Address: newissue@purvashare.com;

Website: www.purvashare.com;

Contact Person: Ms. Deepali Dhuri;

SEBI Registration Number: INR000001112

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.

Ms Shalinee Singh is the Company Secretary and Compliance Officer of our Company. Her contact details are:

B-61, Floor 6, Plot No: 210,
B-Wing Mittal Tower, Free Press Journal Marg,
Nariman Point,

Mumbai 400 021, Maharashtra

Tel: + 91 22 22882125 **Fax:** N.A

Email : shalinee.s@themksgroup.com

Consents and Expert Opinion

Consents in writing of: our Directors, Lead Manager, 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 October 12, 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 October 12, 2023 on our Financial Statements for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, and (ii) Statement of Special Tax Benefits dated October 12, 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.

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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 and the Lead Manager 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.sobhagyaltd.com;
- b) the Registrar to the Issue at www.purvashare.com;
- c) the lead manager at www.markcorporateadvisors.com; and
- d) the Stock Exchange at www.bseindia.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.purvashare.com 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.sobhagyalttd.com).

Further, our Company along with the Lead Manager 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, the Lead Manager 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 181.

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 176. Our Company, the Lead Manager, 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 172.

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, the Lead Manager and 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, the Lead Manager 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 Sobhagya Mercantile 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 @purvashare.com; 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 199 and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” on page 199.

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, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.purvashare.com.

Our Company, Lead Manager 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 172.

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 189.

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 172.
- 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, the Lead Manager 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, the Lead Manager, 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, the Lead Manager, 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 180.

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.

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 or the Lead Manager 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 190.

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 or the Lead Manager. 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.purvashare.com) 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.sobhagyaltld.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.purvashare.com. 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 or the Lead Manager 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 43.

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: INE762D01011. 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 promoters and members of the promoter group intend to subscribe to their entitlement.

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.purvashare.com). 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, the Lead Manager, 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 **www.sobhagyltd.com**.

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 194.

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.purvashare.com) 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 DEMATERIALIZED 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 January 25, 2007 amongst our Company, NSDL and the Registrar to the Issue;

and

- b) Tripartite agreement dated June 05, 2001 amongst our Company, CDSL and the Registrar to the Issue.

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 ₹10 lakhs 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 ₹ 50 lakhs 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.

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.

XV. 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 “**Sobhagya Mercantile Limited– Rights Issue**” on the envelope and postmarked in India) to the Registrar at the following address:

Purva Sharegistry (India) Private Limited

Unit No. 9, Ground Floor, Shiv Shakti Industrial Estate,
J. R. Boricha Marg, Near Lodha Excelus, Lower Parel East,
Mumbai – 400011, Maharashtra,
Tel No: +91 22 4961 4132 / 3199 8810

Email: newissue@purvashare.com

Website: www.purvashare.com:

Contact Person: Ms Deepali Dhuri

SEBI Registration Number: INR000001112

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.purvashare.com). 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.purvashare.com
 - b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.purvashare.com
 - c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.purvashare.com
 - d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: <https://www.purvashare.com>

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.

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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.

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 Mumbai, Maharashtra, 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 registered 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.sobhagyalttd.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 www.sobhagyalttd.com.

1. Material Contracts for the Issue

- (i) Memorandum of Understanding (MOU) dated October 11, 2023 amongst our Company and the Lead Manager to Issue.
- (ii) Registrar Agreement dated October 13, 2023 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 August 12, 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 October 18, 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 2023, 2022 and 2021 and unaudited limited reviewed financial results for the quarter ended June 30, 2023.
- (viii) Restated Audit reports dated October 12, 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 October 12, 2023 from the Statutory Auditor included in this Draft Letter of Offer.
- (x) Tripartite Agreement dated January 25, 2007 between our Company, NSDL and the Registrar to the Issue.
- (xi) Tripartite Agreement dated June 05, 2001 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

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

Sd/-

SHRIKANT BHANGDIYA
(Managing Director)

Sd/-

SONAL KIRTIKUMAR BHANGDIYA
(Director)

Sd/-

PRASHANTKUMAR LAHOTI
(Independent Director)

Sd/-

NIRESH MAHESHWARI
(Independent Director)

Sd/-

ANIL KHAWALE
(Chief Financial Officer)

Place: Nagpur

Date: October 18, 2023
