



**Draft Red Herring Prospectus**  
Dated: September 04, 2023  
Please read Section 26 and 32 of the  
Companies Act, 2013  
(This Draft Red Herring Prospectus will be  
updated upon filing with the RoC)  
100% Book Built Issue

(Please scan this QR Code to  
view the DRHP)

**SHRI BALAJI VALVE COMPONENTS LIMITED**  
CIN: U29220PN2011PLC141370

REGISTERED OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
Plot No - PAP B 31 Chakan MIDC, PH - 2 Khed, Bhamboli, Pune, Maharashtra, India, 410501.	Shrinivas Laxmikant Kole, Chief Financial Officer	<b>E-mail:</b> <a href="mailto:info@balajivalvecomponents.com">info@balajivalvecomponents.com</a> <b>Tel No:</b> +91 97655 65409	<a href="http://www.balajivalvecomponents.com">www.balajivalvecomponents.com</a>

PROMOTERS OF THE COMPANY
Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole, Shrinivas Laxmikant Kole

DETAILS OF THE ISSUE				
TYPE	FRESH ISSUE SIZE (IN ₹ LAKHS)	OFS SIZE (BY NO. OF SHARES OR BY AMOUNT IN ₹)	TOTAL ISSUE SIZE	ELIGIBILITY
Fresh Issue	₹ [•] Lakhs	Nil	₹ [•] Lakhs	THIS ISSUE IS BEING MADE IN TERMS OF REGULATION 229 AND 253(1) OF CHAPTER IX OF THE SEBI (ICDR) REGULATIONS, 2018 AS AMENDED.


**DETAILS OF OFFER FOR SALE, SELLING SHAREHOLDERS AND THEIR AVERAGE COST OF ACQUISITION - NOT APPLICABLE AS THE ENTIRE ISSUE CONSTITUTES FRESH ISSUE OF EQUITY SHARES**


**RISK IN RELATION TO THE FIRST ISSUE**  
The face value of the Equity Shares is ₹10 each. The Floor Price, Cap Price and Issue Price determined by our Company, in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "**Basis for Issue Price**" on page 71 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**  
Investments in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this 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 Equity Shares issued 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "**Risk Factors**" beginning on page 22 of this Draft Red Herring Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**  
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

**LISTING**  
The Equity Shares Issued through this Draft Red Herring Prospectus are proposed to be listed on the SME Platform of BSE ("BSE SME"). In terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time, For the purpose of this Issue, the Designated Stock Exchange will be BSE Ltd ("BSE").

BOOK RUNNING LEAD MANAGER TO THE ISSUE		
Name and Logo	Contact Person	Email & Telephone
 HEM SECURITIES LIMITED	Mr. Sourabh Garg	<b>Email:</b> <a href="mailto:ib@hemsecurities.com">ib@hemsecurities.com</a> <b>Tel. No.:</b> +91- 22- 49060000

REGISTRAR TO THE ISSUE		
Name and Logo	Contact Person	Email & Telephone
 BIGSHARE SERVICES PRIVATE LIMITED	Mr. Babu Rapheal	<b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a> <b>Tel No:</b> +91-22-62638200

ISSUE PROGRAMME		
ANCHOR INVESTOR BID/ISSUE PERIOD*: [•]	BID/ISSUE OPENS ON: [•]	BID/ISSUE CLOSES ON: [•]

\*The Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.





**SHRI BALAJI VALVE COMPONENTS LIMITED**  
**CINN: U29220PN2011PLC141370**

Our Company was originally incorporated on November 17, 2011, as a private limited Company under the name and style of Shri Balaji Valve Components Private Limited under the provisions of Companies Act, 1956 with the Registrar of Companies, Pune Maharashtra bearing registration no 141370. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” vide fresh certificate of incorporation dated July 10, 2023 issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is U29220PN2011PLC141370.

**Registered Office:** Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli,  
Pune, Maharashtra, India, 410501.

**Contact Person:** Shrinivas Laxmikant Kole, Chief Financial Officer

**Tel No:** +91 97655 65409; **E-mail:** [Info@balajivalvecomponents.com](mailto:Info@balajivalvecomponents.com); **Website:** [www.balajivalvecomponents.com](http://www.balajivalvecomponents.com);

**Promoters of our Company:** Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole, Shrinivas Laxmikant Kole

**DETAILS OF THE ISSUE**

**INITIAL PUBLIC OFFER OF UPTO 21,60,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE “EQUITY SHARES”) OF SHRI BALAJI VALVE COMPONENTS LIMITED (“OUR COMPANY” OR “SBVCL” OR “THE ISSUER”) AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS (“PUBLIC ISSUE”) OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET ISSUE”. THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.47% AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND PUNE EDITION OF [●], A MARATHI REGIONAL NEWSPAPER MARATHI BEING THE REGIONAL LANGUAGE OF PUNE WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF BSE (“BSE SME”) FOR THE PURPOSES OF UPLOADING ON THEIR WEBSITE**

In case of any revision in the Price Band, the Bid/Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, for reasons to be recorded in writing extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”) read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”, the “QIB Portion”), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (“Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount (“ASBA”) process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see “*Issue Procedure*” beginning on page 204 of this Draft Red Herring Prospectus.

**RISK IN RELATION TO THE FIRST ISSUE**

The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Issue Price determined by our Company, in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under “*Basis for Issue Price*” on page 71 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in Equity and Equity-related securities involve a degree of risk and investors should not invest any funds in this 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 Equity Shares issued 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section “*Risk Factors*” beginning on page 22 of this Draft Red Herring Prospectus.

**ISSUER’S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

**LISTING**

The Equity Shares Issued through this Draft Red Herring Prospectus are proposed to be listed on the SME Platform of BSE (“BSE SME”). In terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time, For the purpose of this Issue, the Designated Stock Exchange will be BSE Ltd (“BSE”).

**BOOK RUNNING LEAD MANAGER TO THE ISSUE**

**REGISTRAR TO THE ISSUE**



**HEM SECURITIES LIMITED**  
904, A Wing, Naman Midtown, Senapati Bapat Marg,  
Elphinstone Road, Lower Parel, Mumbai-400013, India  
**Tel. No.:** +91- 022- 49060000; **Fax No.:** +91- 022- 22625991  
**Email:** [ib@hemsecurities.com](mailto:ib@hemsecurities.com)  
**Investor Grievance Email:** [redressal@hemsecurities.com](mailto:redressal@hemsecurities.com)  
**Website:** [www.hemsecurities.com](http://www.hemsecurities.com)  
**Contact Person:** Mr. Sourabh Garg  
**SEBI Regn. No.** INM000010981

**BIGSHARE SERVICES PRIVATE LIMITED**  
**Address:** S6-2, 6th Floor, Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri (East) Mumbai – 400093, India.  
**Tel No.:** +91 22 6263 8200  
**Facsimile:** +91 22 6263 8299  
**Email:** [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
**Contact Person:** Mr. Babu Rapheal  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**SEBI Registration Number:** INR000001385

**ISSUE PROGRAMME**

<b>ANCHOR INVESTOR BID/ISSUE PERIOD*: [●]</b>	<b>BID/ISSUE OPENS ON: [●]</b>	<b>BID/ISSUE CLOSES ON: [●]</b>
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\*The Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

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**SECTION I – GENERAL**

**DEFINITIONS AND ABBREVIATIONS**

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI (ICDR) Regulations, 2018, the Securities Contracts Regulation Act, 1956 (“SCRA”), the Depositories Act or the rules and regulations made there under.*

*Notwithstanding the foregoing, terms used in of the sections “Statement of Special Tax Benefits”, “Financial Information of the Company” and “Main Provisions of the Articles of Association” on page 76, 122 and 231 respectively, shall have the meaning ascribed to such terms in such sections.*

**General Terms**

<b>Terms</b>	<b>Description</b>
“SBVCL”, “the Company”, “our Company”, “Issuer” and “Shri Balaji Valve Components Limited”	Shri Balaji Valve Components Limited, a Company incorporated in India under the Companies Act, 1956 having its Registered office at Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501.
“we”, “us” and “our”	Unless the context otherwise indicates or implies refers to our Company.
“you”, “your” or “yours”	Prospective investors in this Issue

**Company related and Conventional terms**

<b>Term</b>	<b>Description</b>
AOA/ Articles/ Articles of Association	Articles of Association of our Company, as amended, from time to time
Audit Committee	The Committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013 as described in the chapter titled “ <b>Our Management</b> ” beginning on page 109 of this Draft Red Herring Prospectus.
Auditors/ Statutory Auditors	The Statutory Auditors of our Company being M/s. Kishor Gujar & Associates (Firm Registration No. as 116747W).
Bankers to our Company	HDFC Bank Limited
Board of Directors/ the Board/ our Board	The Board of Directors of our Company, including all duly constituted Committees thereof. For further details of our Directors, please refer to section titled “ <b>Our Management</b> ” beginning on page 109 of this Draft Red Herring Prospectus.
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company being Shrinivas Laxmikant Kole
Companies Act/ Act	The Companies Act, 2013 and amendments thereto and erstwhile Companies Act 1956 as applicable
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being [●].
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Director(s) / our Directors	The Director(s) of our Company, unless otherwise specified
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository’s Participant’s Identity Number
Equity Shareholders/ Shareholders	Persons/ Entities holding Equity Shares of our Company
Equity Shares	Equity Shares of the Company of Face Value of ₹ 10/- each unless otherwise specified in the context thereof.
Executive Directors	Executive Directors are the Managing Director & Whole-time Directors of our Company.
Fugitive economic offender	Shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018)

Independent Director	An Independent Director as defined under Section 2(47) of the Companies Act, 2013 and as defined under the Listing Regulations. For details of our Independent Directors, see “ <b><i>Our Management</i></b> ” on page 109 of this Draft Red Herring Prospectus.
ISIN	International Securities Identification Number. In this case being [●].
Key Management Personnel/ KMP	Key Management Personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI Regulations and the Companies Act, 2013. For details, see section titled “ <b><i>Our Management</i></b> ” on page 109 of this Draft Red Herring Prospectus.
LLP	Limited Liability Partnership
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Shri Balaji valve Components Limited as amended from time to time.
MD or Managing Director	The Managing Director of our Company, Laxmikant Sadashiv Kole
Materiality Policy	The policy adopted by our Board on August 11, 2023 for identification of Group Companies, material outstanding litigation and material outstanding dues to creditors, pursuant to the disclosure requirements under the SEBI (ICDR) Regulations, 2018 as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board constituted in accordance with Section 178 of the Companies Act, 2013 as described in the chapter titled “ <b><i>Our Management</i></b> ” beginning on page 109 of this Draft Red Herring Prospectus
Non-Executive Director	A Director not being an Executive Director.
NRIs / Non-Resident Indians	A person resident outside India, as defined under Foreign Exchange Management Act , 1999 and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Promoter(s)	Shall mean promoters of our Company i.e. Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole. For further details, please refer to section titled “ <b><i>Our Promoter &amp; Promoter Group</i></b> ” beginning on page 116 of this Draft Red Herring Prospectus.
Promoter Group	Includes such Persons and companies constituting our Promoter Group covered under Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 as enlisted in the section “ <b><i>Our Promoter and Promoter Group</i></b> ” beginning on page 116 of this Draft Red Herring Prospectus.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Registered Office of our Company	The Registered Office of our Company situated at Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501.
Reserve Bank of India/ RBI	Reserve Bank of India constituted under the RBI Act.
Restated Financial Information/ Statements	Restated financial statements of our Company which comprise the restated statement of assets and liabilities as at and for the financial years ended March 31, 2023 ,2022 and 2021 and the statement of profit and loss and for the financial years ended March 31, 2023 ,2022 and 2021 and the summary of significant accounting policies, read with annexures and notes thereto and the examination reports thereon and other financial information for the financial years then ended, prepared in terms of the requirements of Section 26 of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Draft Red Herring Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time and included in the section titled “ <b><i>Financial Information</i></b> ” on page 122 of this Draft Red Herring Prospectus.
RoC/ Registrar of Companies	Unless specified otherwise refers to Registrar of Companies, Pune, Maharashtra, PCNTDA Green Building, Block A, 1st & 2 <sup>nd</sup> Floor, Near Akurdi Railway Station, Akurdi, Pune - 411044 Maharashtra
Shareholders	Shareholders of our Company from time to time.
Sub- Account	Sub- accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
Subscriber to MOA	Initial Subscribers to MOA & AOA being Laxmikant Sadashiv Kole and Madhuri Laxmikant Kole.

**Issue Related Terms**

<b>Terms</b>	<b>Description</b>
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a bidders as proof of registration of the Application.
Allotment/ Allot/ Allotted	Unless the context otherwise requires, means the allotment of Equity Shares, pursuant to the Issue to the successful bidders.
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee (s)	A successful bidders to whom the Equity Shares are allotted.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 200 lakhs.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the Book Running Lead Managers during the Anchor Investor Bid/ Issue Period.
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/ Issue Period	One Working Day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed.
Anchor Investor Issue Price	The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company, in consultation with the Book Running Lead Managers
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company, in consultation with the Book Running Lead Managers, to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Application Supported by Block Amount (ASBA)	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include amounts blocked by the SCSB upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI Mechanism.
ASBA Account	A bank account maintained by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder in which funds will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by a Retail Individual Investor linked to a UPI ID, which will be blocked in relation to a Bid by a Retail Individual Investor Bidding through the UPI Mechanism.
ASBA Application Location(s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Ahmedabad.
ASBA Bidder	Any prospective investor(s) / Bidder (s) in this Issue who apply(ies) through the ASBA process except Anchor Investor.
ASBA Form/ Bid cum Application	An Application form (with or without UPI ID, as applicable), whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus or the Prospectus.
Banker to the Issue Agreement	Agreement dated [●] entered into amongst the Company, Book Running Lead Manager, the Registrar, Sponsor Bank and the Banker to the Issue.
Bankers to the Issue/ Public Issue Bank/ Sponsor Bank	Banks which are clearing members and registered with SEBI as Bankers to an Issue and with whom the Public Issue Account will be opened, in this case being [●]

Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful bidders under the issue and which is described in the chapter titled “ <b>Issue Procedure</b> ” beginning on page 204 of this Draft Red Herring Prospectus.
Bid	An indication to make an issue during the Bid/ Issue Period by a Bidder (other than an Anchor Investor) pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Issue Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue.
Bid Lot	[●] equity shares and in multiples of [●] equity shares thereafter.
Bid/ Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers shall not accept the Bids, which shall be notified in in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Pune Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Issue closing Date also to be notified on the website and terminals of the Syndicate, SCSB’s and Sponsor Bank, as required under the SEBI ICDR Regulations.
Bid/ Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Pune Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Issue Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date or the QIB Bid/ Issue Closing Date, as the case may be, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. Provided however that the Bidding/ Issue Period shall be kept open for a minimum of three Working Days for all categories of Bidders.
Bidder/ Applicant	Any prospective investor who makes a bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid-Cum-Application Form and unless otherwise stated or implied, which includes an ASBA Bidder and an Anchor Investor
Bidding	The process of making a Bid.
Bidding/ Collection Centers	Centers at which the Designated intermediaries shall accept the ASBA Forms, i.e. Designated SCSB Branches for SCSBs, specified locations for syndicates, broker centers for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs.
Book Building Process/ Book Building Method	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made
BRLM / Book Running Lead Manager	Book Running Lead Manager to the Issue in this case being Hem Securities Limited, SEBI Registered Category I Merchant Banker.
Broker Centres	Broker Centres notified by the Stock Exchanges, where the investors can submit the Bid-cum Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchange.
Business Day	Monday to Friday (except public holidays).
CAN or Confirmation of Allocation Note	The Note or advice or intimation sent to each successful Applicant indicating the Equity which will be allotted, after approval of Basis of Allotment by the designated Stock Exchange.
Cap Price	The higher end of the price band above which the Issue Price will not be finalized and above which no Bids (or a revision thereof) will be accepted.
Client Id	Client Identification Number maintained with one of the Depositories in relation to Demat account



Collecting Depository Participants or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agent	Registrar to an Issue and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchange.
Cut Off Price	The Issue Price, which shall be any price within the Price band as finalized by our Company in consultation with the BRLM. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the applicants such as their Address, PAN, name of the applicants father/husband, investor status, Occupation and Bank Account details.
Depositor/ Depositories	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Bid-cum-Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid-Cum-Application Forms are available on the website of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	The date on which funds are transferred from the Escrow Account(s) and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account(s) or the Refund Account(s), as applicable, in terms of the Red Herring Prospectus and the Prospectus, after the finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares may be Allotted to successful Bidders in the Offer.
Designated Intermediaries/ Collecting Agent	An SCSB's with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Stock Broker registered with recognized Stock Exchange, a Depository Participant, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity). <a href="http://www.bseindia.com/">http://www.bseindia.com/</a>
Designated Market Maker	[•]
Designated RTA Locations	Such locations of the RTAs where Bidder can submit the Bid-Cum-Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid-Cum-Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a> .
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the Applicant and a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> . Recognized-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Ltd. ("SME Exchange") ("BSE SME")
DP ID	Depository's Participant's Identity Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
Draft Red Herring Prospectus	Draft Red Herring Prospectus dated September 04, 2023 as being filed with BSE SME
Electronic Transfer of Funds	Refunds through NACH, NEFT, Direct Credit or RTGS as applicable.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to purchase the Equity shares issued thereby and who have opened Demat accounts with SEBI registered qualified depository participants.

Escrow Account(s)	The account(s) to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/ NEFT/ RTGS in respect of the Bid Amount when submitting a Bid.
FII/ Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First Bidder/ Applicant/ Bidders	Bidder(s) whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Issue Price and the Anchor Investor Issue Price will be finalized and below which no Bids will be accepted
Foreign Venture Capital Investors	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
FPI/ Foreign Portfolio Investor	A Foreign Portfolio Investor who has been registered pursuant to the of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
General Corporate Purposes	Include such identified purposes for which no specific amount is allocated or any amount so specified towards general corporate purpose or any such purpose by whatever name called, in the offer document. Provided that any issue related expenses shall not be considered as a part of general corporate purpose merely because no specific amount has been allocated for such expenses in the offer document.
General Information Document (GID)	The General Information Document for investing in public issues, prepared and issued in accordance with the SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 and the UPI Circulars. The General Information Document shall be available on the websites of the Stock Exchanges, and the Book Running Lead Managers.
Issue Agreement	The Issue Agreement dated August 07, 2023 between our Company and Book Running Lead Manager, Hem Securities Limited.
Issue Price	The Price at which the Equity Shares are being issued by our Company under this Draft Red Herring Prospectus being ₹ [●] per Equity share.
Issue Proceeds	Proceeds to be raised by our Company through this Issue, for further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page 64 of this Draft Red Herring Prospectus
Issue/ Public Issue/ Issue size/ Initial Public Issue/ Initial Public Offering/ IPO	The Initial Public Issue of upto 21,60,000 Equity shares of ₹ 10/- each at issue price of ₹ [●]/- per Equity share, including a premium of ₹ [●]/- per equity share aggregating to ₹ [●] lakhs
Listing Agreement	The Equity Listing Agreement to be signed between our Company and the Stock Exchange.
Lot Size	[●]
Mandate Request	Mandate Request means a request initiated on the RII by sponsor bank to authorize blocking of funds equivalent to the application amount and subsequent debit to funds in case of allotment.
Market Maker Reservation Portion	The reserved portion of [●] Equity Shares of ₹10 each at an Issue price of ₹ [●] each is aggregating to ₹ [●] Lakhs to be subscribed by Market Maker in this issue.
Market Making Agreement	The Market Making Agreement dated August 07, 2023 between our Company, Book Running Lead Manager and Market Maker, Hem Finlease Private Limited.
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] equity Shares of ₹10/- each at a price of ₹ [●] per Equity Share (the “Issue Price”), including a share premium of ₹ [●] per equity share aggregating to ₹ [●] Lakhs.
Net Proceeds	The Issue Proceeds received from the fresh Issue excluding Issue related expenses. For further information on the use of Issue Proceeds and Issue expenses, please refer to the section titled “ <i>Objects of the Issue</i> ” beginning on page 64 of this Draft Red Herring Prospectus.

Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allocated to the Anchor Investors
Non- Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Non-Institutional Bidders	All Bidders that are not QIBs, RIBs or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares, for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue, consisting of [●] Equity Shares, which shall be available for allocation on a proportionate basis to Non Institutional Investors, subject to valid Bids being received at or above the Issue Price.
Other Investor	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Overseas Corporate Body/ OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue.
Pay-in-Period	The period commencing on the Bid/Issue Opening date and extended till the closure of the Anchor Investor Pay-in-Date.
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/ or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Price Band	Price Band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band will be decided by our Company in consultation with the BRLM and advertised in two national daily newspapers (one each in English and in Hindi) with wide circulation and one daily regional newspaper with wide circulation at least two working days prior to the Bid/ Issue Opening Date.
Pricing Date	The date on which our Company in consultation with the BRLM, will finalize the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013, containing, inter alia, the Issue Price, size of the Issue and certain other information.
Public Issue Account	Account to be opened with the Bankers to the Issue to receive monies from the SCSBs from the bank account of the Applicant, on the Designated Date.
QIB Category/ QIB Portion	The portion of the Net Issue (including the Anchor Investor Portion) being not more than 50% of the Net Issue, consisting of [●] Equity Shares aggregating to ₹[●] lakhs which shall be Allotted to QIBs (including Anchor Investors) on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Issue Price or Anchor Investor Offer Price (for Anchor Investors).
Qualified Institutional Buyers/ QIBs/ QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus / RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account	The 'no-lien' and 'non-interest bearing' account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made.
Refund Bank/ Refund Banker	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being [●].

Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable.
Registered Broker	The stockbrokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids
Registrar Agreement	The agreement dated August 02, 2023 entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar/ Registrar to the Issue/ RTA/ RTI	Registrar to the Issue, in this case being Bigshare Services Private Limited.
Regulation S	Regulation S under the U.S. Securities Act of 1933, as amended from time to time.
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations, 2018.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Retail Individual Bidders/ RIBs/ Retail Individual Investors/ RIIs	Individual Bidders, submitting Bids, who have Bid for Equity Shares for an amount not more than ₹ 2,00,000/- in any of the bidding options in the Net Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Retail Portion	The portion of the Issue being not less than 35% of the Net Issue, consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid-cum-Application Forms or any previous Revision Form(s), as applicable. QIBs and Non-Institutional Investors are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage.
Securities laws	Means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board.
SEBI (ICDR) Regulations/ ICDR Regulation/ Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by SEBI on September 11, 2018, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
SEBI Act/ SEBI	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Listing Regulations, 2015/ SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR)	The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
Self-Certified Syndicate Bank(s) / SCSB(s)	Shall mean a Banker to an Issue registered under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
SME Exchange	SME Platform of the BSE i.e. BSE SME.
Specified Locations	Collection centres where the SCSBs shall accept application form, a list of which is available on the website of SEBI ( <a href="https://www.sebi.gov.in/">https://www.sebi.gov.in/</a> ) and updated from time to time.
Specified Securities	Equity shares offered through this Draft Red Herring Prospectus.
Sponsor Bank	Sponsor Bank means a Banker to the Issue registered with SEBI, which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI (National Payments Corporation of India) in order to push the mandate, collect requests and / or payment instructions of the Retail Investors into the UPI.

Sub Syndicate Member	A SEBI Registered member of BSE appointed by the BRLM and/ or syndicate member to act as a Sub Syndicate Member in the Issue.
Syndicate	Includes the BRLM, Syndicate Members and Sub Syndicate Members.
Syndicate Agreement	The agreement dated [●] entered into amongst our Company, the BRLM and the Syndicate Members, in relation to the collection of Bids in this Issue.
Syndicate ASBA Bidding Locations	Bidding Centers where an ASBA Bidder can submit their Bid in terms of SEBI Circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely Mumbai, Chennai, Kolkata, Delhi
Syndicate Members/ Members of the Syndicate	Intermediaries registered with SEBI eligible to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [●].
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Transaction Registration Slip/ TRS	The slip or document issued by the member of the Syndicate or SCSB (only on demand) as the case may be, to the Applicant as proof of registration of the Application.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Underwriter	The BRLM who has underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations, 2018 and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement August 07, 2023 entered between the Underwriter, BRLM and our Company.
UPI	UPI is an instant payment system developed by the NCPI, it enables merging several banking features, seamless fund routing & merchant payment into one hood. UPI allow instant transfer of money between any two bank accounts using a payment address which uniquely identifies a person's bank account
UPI Circulars	SEBI circular no. CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 SEBI Circular No: SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/76 dated May 30, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request/ Mandate Request	A request (intimating the RII by way of notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII by sponsor bank to authorize blocking of funds equivalent to the application amount and subsequent debit to funds in case of allotment.
UPI Mechanism	The mechanism that was used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars on Streamlining of Public Issues
UPI PIN	Password to authenticate UPI transaction
Venture Capital Fund/ VCF	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI (ICDR) Regulations, 2018.
Working Day	In accordance with Regulation 2(1) (mmm) of SEBI (ICDR) Regulations, 2018, working days means, all days on which commercial banks in Mumbai are open for business.
	However, in respect of–
	(a) announcement of Price Band; and
	(b) Issue period, working days shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business;
	(c) the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchange, working day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Technical and Industry Related Terms

Term	Description
B2B	Business to Business
CNC Machines	Computer numerical control machine
DAC	Dubai Accreditation Centre
HMC Machine	Horizontal Machining Centers Machine
ISO	International Organization for Standardization
ITP	Internal Test Plan
Mm	millimeter
Mt	metric ton
MIDC	Maharashtra Industrial Development Corporation
NABCB	National Accreditation Board for Certification Bodies
NORSOK	Norsk Søkkel Konkuranseposisjon (Norwegian Standards Organization).
PED	Pressure Equipment devices
QMS	Quality Management System
RFQ	Request for Quotation
RM	Raw Material
R&D	Research & Development
VMC Machine	Vertical Machining Centers

Conventional terms and Abbreviations

Abbreviation	Full Form
Rs./ Rupees/ INR/ ₹	Indian Rupees
AS / Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
Amt.	Amount
AIF	Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AY	Assessment Year
AOA	Articles of Association
Approx	Approximately
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering
B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
Bn	Billion
BG/LC	Bank Guarantee / Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction
BRLM	Book Running Lead Manager
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
Companies Act, 2013	Companies Act, 2013 to the extent in force pursuant to the notification of sections of the Companies Act, 2013 along with the relevant rules made thereunder as amended.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions that have ceased upon notification of the Companies Act, 2013) along with the relevant rules made thereunder.
CA	Chartered Accountant
CAIIB	Certified Associate of Indian Institute of Bankers
CB	Controlling Branch

CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS	Company Secretary
CS & CO	Company Secretary & Compliance Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
C.P.C.	Code of Civil Procedure, 1908
CrPC	Code of Criminal Procedure, 1973
CENVAT	Central Value Added Tax
CST	Central Sales Tax
CWA/ICWA	Cost and Works Accountant
CMD	Chairman and Managing Director
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
EPFA	Employee's Provident Funds and Miscellaneous Provisions Act, 1952
EMI	Equated Monthly Installment
EPS	Earnings Per Share
EGM /EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FCNR Account	Foreign Currency Non Resident Account
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FPIs	“Foreign Portfolio Investor” means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992
FTA	Foreign Trade Agreement
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
FEMA	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Finance Act	Finance Act, 1994
Fraudulent Borrower	A fraudulent borrower as defined in Regulation 2(1) (III) of the SEBI ICDR Regulations.
FV	Face Value
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
GoI/Government	Government of India
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GST	Goods and Services Tax

GVA	Gross Value Added
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
HSL	Hem Securities Limited
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
ICWAI	The Institute of Cost Accountants of India
IMF	International Monetary Fund
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IT	Information Technology
IFRS	International Financial Reporting Standards
INR / ₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules, 1962, as amended, except as stated otherwise
Indian GAAP	Generally Accepted Accounting Principles in India
Ind AS	Indian Accounting Standards as referred to in and notified by the Ind AS Rules
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
IRDA	Insurance Regulatory and Development Authority
JV/ Joint Venture	A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.
KMP	Key Managerial Personnel
LLB	Bachelor of Law
Ltd.	Limited
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
M. A	Master of Arts
MCA	Ministry of Corporate Affairs, Government of India
M. B. A	Master of Business Administration
MAT	Minimum Alternate Tax
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MSME	Micro, Small and Medium Enterprises
MAPIN	Market Participants and Investors Database
NA	Not Applicable
NCLT	National Company Law Tribunal
Networth	The aggregate of paid up Share Capital and Share Premium account and Reserves and Surplus (Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure (to the extent not written off) and debit balance of Profit & Loss Account
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
NCT	National Capital Territory
NPV	Net Present Value



NRI	Non-Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
BSE	Bombay Stock Exchange
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Issue.
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PGDBA	Post Graduate Diploma in Business Administration
PLR	Prime Lending Rate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
P.O.	Purchase Order
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt.	Private
Q.C.	Quality Control
RoC	Registrar of Companies
RBI	The Reserve Bank of India
Registration Act	Registration Act, 1908
ROE	Return on Equity
R&D	Research & Development
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SME	Small and Medium Enterprises
SCSB	Self-Certified syndicate Banks
STT	Securities Transaction Tax
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
Sec.	Section
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
Trade Marks Act	Trade Marks Act, 1999
TIN	Taxpayers Identification Number
UIN	Unique identification number
U.N.	United Nations
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCF/ Venture Capital Fund	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.

Wilful Defaulter(s)	Company or person categorized 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 the Reserve Bank of India and includes any company whose director or promoter is categorized as such and as defined under Regulation 2(1)(III) of the SEBI (ICDR) Regulations, 2018.
WDV	Written Down Value
WTD	Whole Time Director
w.e.f.	With effect from
-, (₹)	Represent Outflow

*The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”), the SCRA, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 the Depositories Act and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Statement of Special Tax Benefits”, “Industry Overview”, “Regulations and Policies in India”, “Financial Information of the Company”, “Outstanding Litigations and Material Developments” and “Issue Procedure”, will have the meaning ascribed to such terms in these respective sections.*

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

**Certain Conventions**

All references in the Draft Red Herring Prospectus to “India” are to the Republic of India. All references in the Draft Red Herring Prospectus to the “U.S.,” “USA” or “United States” are to the United States of America.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lac / Lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such 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.

**Use of Financial Data**

Unless stated otherwise, throughout this Draft Red Herring Prospectus, all figures have been expressed in Rupees and Lakh. Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated financial information prepared for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2018 included under Section titled “Financial Information of the Company” beginning on page 122 of this Draft Red Herring Prospectus.

There are significant differences between Indian GAAP, the International Financial Reporting Standards (“IFRS”) and the Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2018, as stated in the report of our Statutory Auditor, set out in section titled “Financial Information of the Company” beginning on page 122 of this Draft Red Herring Prospectus. As on date of the Draft Red Herring Prospectus we don’t have any subsidiaries. Our fiscal year commences on April 1 of every year and ends on March 31 of every next year.

For additional definitions used in this Draft Red Herring Prospectus, see the section “Definitions and Abbreviations” on page 1 of this Draft Red Herring Prospectus. In the section titled “Main Provisions of the Articles of Association”, on page 231 of the Draft Red Herring Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

**Use of Industry & Market Data**

Unless stated otherwise, industry and market data and forecast used throughout the Prospectus was obtained from internal Company reports, data, websites, Industry publications report as well as Government Publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe industry and market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLM or any of their affiliates or advisors. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

In accordance with the SEBI (ICDR) Regulations, 2018 the section titled “Basis for Issue Price” on page 71 of the Draft Red Herring Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLM, have independently verified such information.

### **Currency of Financial Presentation**

All references to “Rupees” or “INR” or “₹” or “₹” are to Indian Rupees, the official currency of the Republic of India. Except where specified, including in the section titled “Industry Overview” throughout the Draft Red Herring Prospectus all figures have been expressed in Lakhs.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 22, 84 and 165 respectively of this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our restated financial statements prepared in accordance with Indian GAAP.

The Draft Red Herring Prospectus contains conversion of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI (ICDR) Regulations, 2018. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

## **FORWARD LOOKING STATEMENTS**

This Draft Red Herring Prospectus includes certain “forward-looking statements”. We have included statements in the Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Also, statements which describe our strategies, objectives, plans or goals are also forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our 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. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

1. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
2. Changes in consumer demand;
3. Failure to successfully upgrade our product portfolio, from time to time;
4. Any change in government policies resulting in increases in taxes payable by us;
5. Our ability to retain our key managements persons and other employees;
6. Changes in laws and regulations that apply to the industries in which we operate.
7. Our failure to keep pace with rapid changes in technology;
8. Our ability to grow our business;
9. Our ability to make interest and principal payments on our existing debt obligations and satisfy the other covenants contained in our existing debt agreements;
10. general economic, political and other risks that are out of our control;
11. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
12. Company’s ability to successfully implement its growth strategy and expansion plans ;
13. failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
14. inability to successfully obtain registrations in a timely manner or at all;
15. occurrence of Environmental Problems & Uninsured Losses;
16. conflicts of interest with affiliated companies, the promoter group and other related parties;
17. any adverse outcome in the legal proceedings in which we are involved;
18. Concentration of ownership among our Promoter;
19. The performance of the financial markets in India and globally;
20. Global distress due to pandemic, war or by any other reason.

For further discussion of factors that could cause our actual results to differ, see the Section titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 22, 84 and 165 respectively of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Neither our Company or our Directors or our Officers or Book Running Lead Manager or Underwriter nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.

**SUMMARY OF OFFER DOCUMENT**

**A. OVERVIEW OF BUSINESS**

Our Company, an ISO 9001-2015 certified company, is engaged in the business of manufacturing of ready to assemble valve components catering to manufacturing of the valves. We manufacture and supply various types of valve components which are used in manufacturing of ball valves, butterfly valves and other valve including forging products. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

**B. OVERVIEW OF THE INDUSTRY**

The global industrial valves market size was valued at USD 48.1 billion in 2020 and is projected to reach USD 85.7 billion by 2025. It is expected to grow at a Compound Annual Growth Rate (CAGR) of 12.3% during the forecast period. Increasing demand for valves from the pharmaceuticals industry due to the outbreak of the COVID-19 pandemic, growing focus on the development of smart cities globally, rising need for connected networks to maintain and monitor industrial equipment, and surging requirement for establishing new nuclear power plants and revamping existing ones are the key driving factors for the industrial valves market.

**C. PROMOTERS**

The Promoters of our Company are Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole.

**D. DETAILS OF THE ISSUE**

This is an Initial Public Issue of upto 21,60,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lakhs (“The Issue”), out of which [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] lakhs will be reserved for subscription by the market maker to the issue (the “Market Maker Reservation Portion”). The Issue less Market Maker Reservation Portion i.e. Issue of [●] Equity Shares of face value of ₹ 10 each, at an issue price of ₹ [●] per Equity Share for cash, aggregating to ₹ [●] lakhs is hereinafter referred to as the “Net Issue”. The Public Issue and Net Issue will constitute 26.47% and [●] % respectively of the post- issue paid-up Equity Share capital of our Company

**E. OBJECTS OF THE ISSUE**

Our Company intends to utilize the Proceeds of the Issue to meet the following objects:-

S. No	Particulars	Amt (Rs. in Lacs)
1	Funding Capital Expenditure towards installation of additional plant and machinery.	769.66
2	To meet working capital requirements	[●]
3	General Corporate Purpose*	[●]
	<b>Total</b>	<b>[●]</b>

\*To be finalized upon determination of the Issue Price and updated in the Prospectus Prior to filing with the RoC.

**F. PRE-ISSUE SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP**

Our Promoters and Promoter Group collectively holds 60,00,000 Equity shares of our Company aggregating to 100% of the pre-issue paid-up Share Capital of our Company. Following are the details of the shareholding of the Promoters and Promoter Group, as on date of this Draft Red Herring Prospectus:-

Sr. No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoters (A)</b>				
1	Laxmikant Sadashiv Kole	30,00,000	50.00	30,00,000	[●]
2	Madhuri Laxmikant Kole	29,99,981	49.99	29,99,981	[●]
3	Shrinivas Laxmikant Kole	5	negligible	5	[●]
	<b>Sub Total (A)</b>	<b>59,99,986</b>	<b>100.00</b>	<b>59,99,986</b>	<b>[●]</b>

	<b>Promoter Group (B)</b>				
4	Sakshi Nitin Uttarwar	5	negligible	5	[•]
5	Arnav Laxmikant Kole	5	negligible	5	[•]
6	Mangesh Balaji Mahajan	2	negligible	2	[•]
7	Kishor Mahadeo Komti	2	negligible	2	[•]
	<b>Sub Total (B)</b>	<b>14</b>	negligible	<b>14</b>	[•]
	<b>Total (A) + (B)</b>	<b>60,00,000</b>	<b>100.00</b>	<b>60,00,000</b>	[•]

**G. SUMMARY OF FINANCIAL INFORMATION**

Following are the details as per the restated financial statements for the financial years ended on March 31, 2023, March 31, 2022 and March 31, 2021:

(Amt in Rs. Lakhs)

Particular	31-Mar-23	31-Mar-22	31-Mar-21
Share Capital	1.00	1.00	1.00
Net Worth	793.60	144.64	(10.85)
Total Income	6,299.10	3,906.05	1,616.49
Profit/(loss) after tax	647.60	153.47	(3.22)
Earnings per Share	10.79	2.56	(0.05)
Net Asset Value per Share	7935.96	1,446.41	(108.53)
Net Asset Value per Share (based on weighted average number of shares)	13.23	2.41	(0.18)
Total Borrowings (Including current maturities of long term borrowings)	2,877.99	2,799.70	1,399.54

Further, the company has made a bonus allotment dated June 17, 2023 in the ratio of 599 equity shares for every 1 shares held.

**H. AUDITOR QUALIFICATIONS**

There are no audit qualifications which have not been given effect in the restated financial information.

**I. SUMMARY OF OUTSTANDING LITIGATIONS**

Our Promoters and Directors are involved in certain legal proceedings. A brief detail of such outstanding litigations as on the date of this Draft Red Herring Prospectus are as follows:

**Litigation involving the Promoter and Director of the Company –**

(Rs. in Lakhs)

Nature of Cases	Name of Director	No. of Outstanding Cases	Amount in dispute/demanded to the extent ascertainable
Direct tax	Laxmikant	3	Unascertainable
Other pending litigation	Sadashiv Kole	1	Unascertainable
TDS defaults	Madhuri Laxmikant Kole	-	6.19

Amount mentioned to the extent quantifiable. The amount may be subject to additional interest/other charges being levied by the concerned authorities which are unascertainable as on date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 176 of this Draft Red Herring Prospectus.

**J. RISK FACTORS**

For details on the risks involved in our business, please see the Chapter titled “Risk Factors” beginning on page 22 of this Draft Red Herring Prospectus.

**K. SUMMARY OF CONTINGENT LIABILITIES**

Amt. (Rs. in lakhs)

Particulars	As at		
	31-Mar-23	31-Mar-22	31-Mar-21
Contingent liabilities in respect of:	-	-	-
Claims against the company not acknowledged as debts	-	-	-

**Shri Balaji Valve Components Limited**

Guarantees given on Behalf of the Company	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

For further details, please refer to Annexure-X – Contingent Liabilities of the chapter titled “Financial Information of the Company” on page 152 of this Draft Red Herring Prospectus.

**L. SUMMARY OF RELATED PARTY TRANSACTIONS**

Following is the summary of the related party transactions entered by the Company (based on Restated Financial Statements) for the financial years ended on March 31, 2023, 2022 and 2021: -

**(a) List of Related parties**

Names of the related parties with whom transactions were carried out during the years and description of relationship:

Sr. No.	Name of the Person / Entity	Relation
1	Laxmikant Kole	Director
2	Madhuri Kole	Director
3	Shrinivas Kole	Director's Son (Appointed as Director w.e.f. 15 May 2023)
4	Laxmikant Kole HUF	Directors is Karta
5	Vyankatesh Realconstro LLP	Laxmikant Kole (Director) is designated partner
6	Sanskriti Engineering	Madhuri Kole (Director) is partner

**(b) Transaction with related Parties :-**

Particulars	As at March 31,		
	31-Mar-23	31-Mar-22	31-Mar-21
<b>Remuneration Paid to Related Party</b>			
Shrinivas Kole	10.00	9.00	3.66
<b>Transactions with Related Parties During the Respective Year</b>			
<b>Laxmikant Kole</b>			
Purchase of Fixed Assets and others	-	19.06	535.91
Rent Paid	14.10	29.40	20.15
Other Material Purchased	-	1.46	-
Reimbursement of Expenses	25.36	2.87	-
Sales	-	-	0.11
Net loan received/repaid	18.74	12.78	472.72
<b>Madhuri Kole</b>			
Purchase of Fixed Assets and others	-	98.34	20.88
Rent Paid	2.88	53.14	55.00
Labour Charges Paid	-	-	0.72
Reimbursement of Expenses	3.73	-	-
Net loan received/repaid	19.11	188.14	104.37
<b>Balances at the end of year (LOAN)</b>			
<b>Payables/ (Receivables)</b>			
<b>Long Term Borrowings</b>			
Laxmikant Kole	603.21	619.11	606.25
Madhuri Kole	397.35	414.46	226.37
<b>Short Term Borrowings</b>			
Laxmikant Kole	60.00	-	-
Madhuri Kole	40.00	-	-
Trade Payable			



Balaji Enterprises	0.03	0.01	-
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For further details, please refer to the Annexure - Y – Related Party Disclosures of chapter titled “Financial Information of the Company” on page 152 of this Draft Red Herring Prospectus.

**M. DETAILS OF FINANCING ARRANGEMENTS**

There are no financing arrangements whereby the promoters, members of the promoter group, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

**N. WEIGHTED AVERAGE PRICE OF THE SHARES ACQUIRED BY PROMOTERS IN LAST ONE YEAR**

Sr. No.	Name of Promoters	Total No. of Equity Shares	Weighted Average Price
			(in ₹ per equity share)
1	Laxmikant Sadashiv Kole	29,95,000	Nil
2	Madhuri Laxmikant Kole	29,94,981	Nil
3	Shrinivas Laxmikant Kole	5	10

**O. AVERAGE COST OF ACQUISITION OF SHARES**

The average cost of acquisition of Equity Shares by our Promoters is set forth in the table below:

Sr. No.	Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
1	Laxmikant Sadashiv Kole	30,00,000	0.02
2	Madhuri Laxmikant Kole	29,99,981	0.02
3	Shrinivas Laxmikant Kole	5	10

**P. PRE IPO PLACEMENT**

Our Company is not considering any pre-IPO placement of equity shares of the Company.

**Q. EQUITY SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH**

Except as set out below, we have not issued Equity Shares for consideration other than cash in the last one year.

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reason of Allotment	Benefits Accrued to our Company	Name of Allottees	No. of Shares Allotted
June 17, 2023	59,90,000	10	Nil	Bonus Issue in the ratio of 599:1	Capitalization of Reserves & Surplus	Laxmikant Sadashiv Kole	29,95,000
						Madhuri Laxmikant Kole	29,95,000
						<b>TOTAL</b>	<b>59,90,000</b>

**R. SPLIT/ CONSOLIDATION OF EQUITY SHARES**

Our Company has not undertaken a split or consolidation of the Equity Shares in the one (1) year preceding the date of this Draft Red Herring Prospectus.

**S. EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS, IF ANY, GRANTED BY SEBI**

Not Applicable

**SECTION III: RISK FACTORS**

*An investment in Equity Shares involves a high degree of risk. prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, particularly the “Financial Information of the Company” and the related notes, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 122, 84 & 165 respectively and the risks and uncertainties described below, before making a decision to invest in our Equity Shares.*

*The risk factors set forth below are not exhaustive and do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, individually or together, could adversely affect our business, financial condition, results of operations or prospects, which could result in a decline in the value of our Equity Shares and the loss of all or part of your investment in our Equity Shares. While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also have an adverse effect on our business, results of operations, financial condition and prospects.*

*This Draft Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and the risks involved.*

**Materiality**

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

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impact in future.*

**Note:**

*The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.*

*In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in “Risk Factors” beginning on page 22 and “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 165 unless otherwise indicated, has been calculated on the basis of the amount disclosed in the “Audited Financial Statements, as restated” prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP).*

- 1. We have a history of net losses in one of the year out of the last 3 financial years and any losses or our inability to achieve profitability may have an adverse effect on our operations.***

As per Restated financial statements, we have profit of Rs 647.60 Lakhs for FY22-23 ,Rs 153.47 Lakhs for FY 21-22 and loss of Rs 3.22 Lakhs for FY 20-21. The company was incorporated in the year 2011 but has started its full-fledged business operations from FY 2020-21 onwards after the takeover of the assets and liabilities of the proprietorship concern of our Promoters. With the increase in the operations in the Company we have started earning profits but, it is difficult for us to predict our future results of operations or the limits of our market opportunity. We expect our operating expenses to increase as we hire additional personnel, broaden our marketing efforts, expand our operations and infrastructure, continue to enhance our brand, and develop and expand its capabilities, expand our products and services which may impact our profitability in future. Any failure to increase our net revenue sufficiently to keep pace with our initiatives, investments, and other expenses could prevent us from achieving profitability or positive cash flow on a consistent basis in future periods.

- 2. *The business in our Company has been started post the purchase of assets and liabilities from the M/s Balaji Enterprises and M/s Shrinivas Engineering (Proprietorship firm of our Promoters) thus we have limited operating history as a Company which may make it difficult for investors to evaluate our historical performance or future prospects.***

Our Company was originally incorporated as a private limited Company under the Companies Act, 1956 with Registrar of Companies, dated November 17, 2011. The company was incorporated in the year 2011 but has started its full-fledged business operations from FY 2020-21 onwards after the takeover of the assets and liabilities of the proprietorship concern of our Promoters. We have limited operating history as a company from which one can evaluate our business, future prospects and viability. Our future revenues and profitability are difficult to estimate and could fluctuate significantly and as a result the price of our Equity Shares may remain volatile.

Further, the transfer of assets and liabilities have been undertaken based on the MOU entered between the promoter of our company and the owner of the proprietorship firm based on the consideration mutually decided between them. In case of any dispute between the parties with regards to the MOU for transfer of assets and liabilities between the proprietorship and the Company may have an adverse effect on the business and financial position of the company. Also, Our Promoter may again start the business of manufacturing of valve components in the proprietorship concern which may have an adverse effect on our business and profitability. Also, there can be no assurance that conflict of interests may not arise in the future in allocating business opportunities. In cases of conflict, our promoters may favour other companies in which our promoter have an interest that could have a material adverse effect on our business. Also, there can be no assurance that we will be able to successfully pursue our growth strategies, or that pursuing these strategies will provide us the anticipated benefits. Any inability to pursue our growth strategies successfully or at all, or an inability to manage our growth, may adversely affect our prospects. For further details, see the chapter titled "History and Corporate Structure" and "Restated Financial Statements" on page 106 and 122 respectively of the Draft Red Herring Prospectus.

- 3. *Any increase in the cost of our raw material or other purchases or a shortfall in the supply of our raw materials, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.***

The success of our operations depends on a variety of factors, including our ability to source raw materials at competitive prices with the desired quality & quantity. The principal raw materials required in the manufacturing process includes carbon steel, stainless steel, nickel alloy steel, alloy steel, duplex, super duplex steel, brass & aluminum in different shapes, sizes and grades (like bars, rods, solid balls & billets) which are dependent on the specifications provided by the customers. For the financial year 2023, 2022 & 2021, our cost of materials consumed was ₹ 3883.19 Lakhs, 2607.97 Lakhs & 1145.59 Lakhs, or 62.31%, 67.17% and 71.28%, of our revenue from operations, respectively. Raw material supply and pricing can be volatile due to a number of factors beyond our control, including demand and supply, general economic and political conditions, transportation and labour costs, natural disasters, pandemic, competition and there are inherent uncertainties in estimating the price movement and quantity available. We may be required to track the supply demand dynamics and regularly negotiate prices with our suppliers in case of significant fluctuations in raw material prices or foreign currency fluctuations.

Additionally, there can be no assurance that demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we cannot procure the raw materials from other sources, we would be unable to meet our production schedules for our key products and to deliver such products to our customers in a timely manner, which would adversely affect our sales, margins and customer relations. For further details about business of our Company, please refer chapter titled "Business Overview" beginning on page 84 of this Draft Red Herring Prospectus.

- 4. *Our top five customers contribute majority of our revenues from operations. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top five customers have contributed 43.02%, 44.89% and 52.59% of our revenues for the period ended March 31, 2023, March 31, 2022 & March 31, 2021 based on restated financial statements. However, our top customers may vary from period to period depending on the demand and thus the composition and revenue generated from these customers might change as we continue to add new customers in normal course of business. Since at present our business is concentrated among relatively few significant customers, we could experience a reduction in our results of operations, cash flows and liquidity if we lose one or more of these customers or the amount of business, we obtain from them is reduced for any reason, including but not limited on account of any dispute or disqualification. Accordingly, we cannot assure you that the customers which contribute to the major part of our revenue stream will pay us the amounts due to us on time, or at all. In the event any of our significant customers fail to fulfil their respective obligations, our business, financial condition and results of operations would be adversely affected. While we believe we have maintained good and long-term relationships with our customers, there can be no assurance that we will continue to have such long term relationship with them. We cannot assure

that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability.

5. ***We are planning to expand our operations at our new plant constructed at Chakan Industrial area (Pune). Further, we propose to shift the existing forging facility to the said new plant. We may face business or financial challenges which may adversely affect our profitability and results of operations.***

We are currently expanding our manufacturing facilities by setting up another manufacturing unit at Chakan Industrial area in Pune MIDC nearby to our existing unit, for starting the forging activities at the proposed plant and also shifting the existing forging facility at Bhosari, Pune to this new plant. Although, the Promoters of our Company have vast experience in the valve components manufacturing industry, but we may face new business and financial challenges including sales issues, marketing, production, cost optimization etc. which may adversely affect our profitability and results of operations.

Further, we have received the occupancy certificate from MIDC for the proposed unit located at Plot No.PAP-B-130 situated in Chakan Industrial Area, Ph-II, Pune and fire NOC. Also we have made an application to the Maharashtra Pollution control board for granting us consent to operate but we are yet to apply for other registrations for the said unit. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could result in cost and time overrun or which could affect our planned expansion and operations.

6. ***In case of our inability to obtain, renew or maintain the statutory and regulatory licenses, permits and approvals required to operate our business it may have a material adverse effect on our business.***

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at state and central government levels for doing our business. The approvals, licenses, registrations and permits obtained by us may contain conditions which we will require adherence to. Further we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or need to update pursuant to change in name and conversion of company from private to public Company. While we have obtained a significant number of approvals, licenses, registrations and permits from the relevant authorities. But, we are yet to apply for registration under the Factories Act, consent from pollution control department and registration under ESI for our plant located at Bhosari, Pune. Additionally, company is in process of constructing its own additional facility to shift activities of Bhosari unit in future. Further, we are yet to apply for the change in the address of certain government approvals to our registered office. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could result in cost and time overrun or which could affect our related operations. Further, we are yet to apply for the change in the name of the company in the respective regulatory approvals post change in status of the company from Private limited company to public limited company.

Further, the laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavor to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty. For further details regarding the material approvals, licenses, registrations and permits, see "Government and Other Approvals" on page 179 of this Draft Red Herring Prospectus. Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations.

7. ***The Company is dependent upon few suppliers for purchase of major portion of our raw material. Any loss of business with one or more of them may adversely affect our business operations and profitability.***

Our top five suppliers contributed approximately 49.97%, 46.23% and 61.35% of our total purchases for the period March 31, 2023, March 31, 2022 and March 31, 2021 based on restated financial statements. However, our top suppliers may vary from period to period depending on the demand-supply in the market and thus the supply process from these suppliers might change as we continue to seek more cost effective suppliers in normal course of business. Since at present our business is concentrated among relatively few significant suppliers, we could experience a reduction in our purchases and business operations if we lose one or more of these suppliers, including but not limited on account of any dispute or disqualification them there may be an adverse effect our purchases and business operations. We strive to maintained good and long term relationships with our suppliers but there can be no assurance that we will continue to have such long term relationship with them. We cannot assure that we shall do the same quantum of business, or any business at all, with these suppliers, and loss of business with one or more of them may adversely affect our purchases and business operations.

**8. *Our failure to adapt to technological developments or industry trends could affect the performance and features of our products, and reduce our attractiveness to our customers.***

As our operations grow in scope and size, whether through offering of new products or expansion into new markets, we must continuously improve, upgrade, adapt and expand our systems and infrastructure to offer our customers enhanced products, features and functionality ahead of rapidly evolving customer demands, while maintaining the reliability and integrity of our systems and infrastructure in a cost-efficient and competitive manner. The systems, infrastructure and technologies we currently employ may become obsolete or be unable to support our increased size and scale. Even if we are able to maintain, upgrade or replace our existing systems or innovate or customize and develop new technologies and systems, we may not be as quick or efficient as our competitors in upgrading or replacing our systems. We may be unable to devote adequate financial resources or obtain sufficient financing on commercially acceptable terms in time, or at all, which may have a material adverse effect on our business, prospects, results of operation and financial condition. For further details regarding our business, please refer to chapter titled “Business Overview” beginning on page 84 of this Draft Red Herring Prospectus.

**9. *We have not placed orders for the purchase of plant and machinery for which part of the funds are being raised through the Issue.***

Our Company has identified the machineries to be acquired and has received the quotations from the suppliers, but we have not placed final orders for all the machineries, equipment’s and utilities aggregating to Rs. 641.16 lakhs which is approximately [●]% of the Issue Proceeds are proposed to be acquired for our expansion plan by utilization of Issue Proceeds. Our Company is further subject to risks on account of inflation in the price of plant and machinery.

Since the part funding for the plant and machinery is from the IPO proceeds, any delay in access to IPO proceeds may eventually delay the process of placing the orders. The purchase of machineries and equipment’s would require us to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may be a possibility of delay at the supplier’s end in providing timely delivery of these machineries, equipment’s and utilities, which in turn may delay the implementation of our expansion plan. Further, the quotations relied upon by us in arriving at the total cost of machineries, equipment’s and utilities are valid for a specific period of time and may lapse after the expiry of the specific period. Consequent upon which, there could be a possible escalation in the cost of machineries and equipment’s proposed to be acquired by us at the actual time of purchase, resulting in increase in the project cost, which may result in cost overruns, and may affect our profitability. For further details read section “Objects of the Issue” beginning on page 64 of the Draft Red Herring Prospectus

**10. *We have had certain inaccuracy in relation to regulatory filings and our company has made non-compliances of certain provision under applicable law.***

Our company has missed to comply with certain statutory provisions in the past including but not limited to the details as mentioned in this risk factor. Further, there are few discrepancies noticed in some of our corporate records relating to e-forms filed with the Registrar of Companies, which includes technical errors relating date of signing of financial statements and Board Report for the FY 2015 to FY 2017. Further, during the FY 2014-15, the company has taken loans and advances which were in excess of the limits specified under section 180 of the Companies Act 2013 for which no approvals were taken from the shareholders of the Company, however, later during June 2015, the company was exempted from taking any such limits being a private limited company and as on date of this Draft Red Herring Prospectus our company has complied with the provisions of section 180 post conversion into a public limited company.

Further, although our past auditors gave their resignation letters at the time of their cessation as auditor, the relevant forms to be filed by auditor for such resignation were not filed with MCA. During the year 2014-15 there were certain share transfers to representatives of MIDC as part of their lease execution for plot leased to the company which were transferred back to the Company promoters in year 2016-17. However, the Company do not have any share transfer documents and associated communication with MIDC authorities pertaining to these share transfers. Accordingly, we have relied on the other corporate records maintained by the Company such as statutory registers, Annual returns filed with RoC to ascertain the information for the missing corporate records. While no legal proceedings or regulatory action has been initiated against us in relation to the unavailable filings and statutory lapses as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions will not be initiated against us in the future in relation to the missing filings and corporate records. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation. Also, we may not be able to produce such evidences in case they are required by any statutory or regulatory authorities.

Our company has not complied with certain Accounting Standards such as AS-15 and AS-17 in the past, however the same have been duly complied by the company in the accounts for Financial year 2022-23 and restated financial statements. Further, there are certain forms which are filed with delayed fees with RoC. Although, no show cause notice in respect of the above has been received by the

Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent.

***11. We are exposed to the risk of delays or non-payment by our clients and other counterparties, which may also result in cash flow discrepancies.***

We are exposed to counter party credit risk in the usual course of our business dealings with our clients or other counterparties who may delay or fail to make payments or perform their other contractual obligations. The financial condition of our clients, business partners and other counterparties may be affected by the performance of their business which may be impacted by several factors including general economic conditions. The amount outstanding from the trade receivable as on March 31, 2023 was Rs. 1792.53 lakhs which represents approximately 36.65% of the total assets of the Company. We cannot assure you of the continued viability of our counterparties or that we will accurately assess their creditworthiness. We also cannot assure you that we will be able to collect the whole or any part of any overdue payments. Any material non-payment or non-performance by our clients, business partners, suppliers or other counterparties could affect our financial condition, results of operations and cash flows.

***12. We have not registered the trademarks which we are using for our business. If we are unable to protect our intellectual property against third party infringement or are found to infringe on the intellectual property rights of others, it could have a material adverse effect on our business, results of operations and financial condition.***

We have not registered the trademarks which we are using for our business. Further, the trademark we are using have been applied in the name of our Promoter Laxmikant Sadashiv Kole. In respect of such trademark, we have not entered into any assignment agreement or license agreement with him as the same is not yet registered in his name, however, we have been permitted to use the said trademark vide an NOC dated June 10, 2023 issued by the owner of the trademark namely Laxmikant Sadashiv Kole in favor of us. While we believe that the NOC shall continue to remain in place and will be renewed from time-to-time basis, we cannot assure that the same will not be revoked in future. We may not be able to protect our rights in the said trademarks assigned to us through NOC which may not be acceptable in legal proceedings under the extant provisions of trade marks law. Further, in the event of non-renewal/ revocation of NOC, we may be forbidden from using this trademark and this may affect our brand image adversely. There can be no assurance that we will be able to register the trademarks in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

In addition, the use of similar trade names by third parties may result in confusion among our customers, and we are exposed to the risk that entities in India and elsewhere could pass off their products as our products, which may adversely affect sale of our products, resulting in a decrease in market share due to a decrease in demand for our products. Such products may not only result in loss of sales but also adversely affect our reputation and consequently our future sales and results of operations. In the event of such unauthorized use, we may be compelled to pursue legal action for the protection of our brand and intellectual property, which may divert our attention and resources thereby affecting our business operations. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business operations or financial results. For any of these reasons, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property. For further details on above and other trademarks, please refer to chapter titled "Our Business" beginning on page 84 of this Draft Red Herring Prospectus.

***13. We face foreign exchange risk, which may negatively affect our business, financial condition and results of operations***

We export our valve components to different countries like Dubai, Germany, Singapore, Taiwan, Italy, South Africa, USA, United Kingdom, Qatar & Pennsylvania and payment for these sales is received in foreign currency. Changes in value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in future. Any adverse or unforeseen fluctuations with respect to the unhedged exchange rate of any foreign currency for Indian Rupees may affect our Company's results of operations. We are not involved in the hedging of foreign currency which would result in losses and gains resulting from translation of foreign currency denomination on our financials.

***14. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.***

The following table sets forth our cash flow for the periods indicated:

(Amt in Rs. Lakhs)

<b>Particular</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Cash flow from operating activities	567.79	(332.17)	(759.85)
Cash flow from investing activities	(541.48)	(911.81)	(277.92)
Cash flow from financing activities	(57.72)	1,358.20	1,036.68

For further details, see “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 122 and 165, respectively. We cannot assure you that our net cash flows will be positive in the future.

**15. *Some of our business operations are being conducted on leased premise. Our inability to seek renewal or extension of such leases may materially affect our business operations.***

Some of our business operations are being conducted on premise leased from MIDC and our promoter Laxmikant Sadashiv Kole. We may also enter into such transactions with our promoters or any other third parties in the future. Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may materially affect our business operations. For further details, see “Our Business – Property” on page 84. Additionally, company is in process of constructing its own additional facility to shift activities of Bhosari unit in future.

**16. *Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business and results of operations.***

As of March 31, 2023, we had a total outstanding indebtedness from banks and financial institutions amounting to ₹ 1777.43 lakhs. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, including any change in line of business or change in ownership, which could adversely affect our business and financial condition.

In addition, our borrowings require us to maintain certain financial ratios and certain other informative covenants, which are tested at times on a quarterly or annual basis. In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may also be forced to sell some or all of our assets if we do not have sufficient cash or credit facilities to make repayments. Further, our financing arrangements are due for renewal from time to time and we cannot guarantee that the facilities availed under such arrangements will be renewed on the previously agreed terms and conditions, or conditions which are not more onerous on us. Our failure to meet our obligations under the debt financing agreements could have an adverse effect on our business, results of operations and financial condition.

**17. *Any loss of or breakdown of our machineries, at any of our manufacturing facility may have an adverse effect on business, financial condition and results of operations.***

All our plant and manufacturing facility are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives issued by the government authorities. The occurrence of any of these risks could significantly affect our operating results. Although, we have taken precautions to minimize the risks of any significant operational issues at our manufacturing facility, our business and operations may be adversely affected by any disruption of operations at manufacturing facility. For further details about business of our Company, please refer chapter titled “Business Overview” beginning on page 84 of this Draft Red Herring Prospectus.

**18. *Intense competition in the market of valve components could affect our pricing, which could reduce our share of business from clients and decrease our revenues and profitability***

We operate in a competitive industry that experiences rapid technological developments, and changes in customer requirements. Our competitors include the big, mid-sized, and several smaller local competitors in the various geographic markets in which we operate. We may face competition from companies that grow in size or scope, which may result in larger competitors with significant resources that benefit from economies of scale and scope. Such events could have a variety of negative effects on our competitive position and our financial results, including reducing our revenue, increasing our costs, and lowering our gross margin percentage. If our competitors develop and implement methodologies that yield greater efficiency and productivity, they may be able to produce products similar to ours at lower prices without adversely affecting their profit margins. If we are unable to provide our clients with quality products at competitive prices or successfully market those products to current and prospective clients, our business, results of operations and

financial condition may suffer. For further details of our Business, please refer to chapter titled “Business Overview” beginning on page 84 of this Draft Red Herring Prospectus.

**19. Our Directors and Promoters are involved in certain legal proceedings. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.**

Our Directors, and Promoter are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to criminal matters, direct tax matters, indirect tax matters, actions by regulatory/ statutory authorities and matters above the materiality threshold against our Promoters and Directors have been set out below.

**Litigation involving the Promoter and Director of the Company –**

*(Rs. in Lakhs)*

Nature of Cases	Name of Director	No. of Outstanding Cases	Amount in dispute/demanded to the extent ascertainable
Direct tax	Laxmikant	3	Unascertainable
Other pending litigation	Sadashiv Kole	1	Unascertainable
TDS defaults	Madhuri Laxmikant Kole	-	6.19

*Amount mentioned to the extent quantifiable. The amount may be subject to additional interest/other charges being levied by the concerned authorities which are unascertainable as on date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 176 of this Draft Red Herring Prospectus.*

For further details, see “Outstanding Litigation and Material Developments” on page 176. Decisions in any of the aforesaid proceedings adverse to our interests may have a material adverse effect on our business, results of operations, financial condition and prospects. If the courts or tribunals rule against us or our Company, our Directors and Promoter, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

**20. Our inability to effectively manage our growth could have an adverse effect on our business, results of operations and financial condition.**

We have experienced considerable growth over the past three years and we have significantly expanded our operations and product portfolio. Our total revenues grew from ₹ 1616.49 lakhs for the financial year 2021 to ₹ 6299.10 lakhs for the financial year 2023, while our profit for the period grew from ₹ (3.22) lakhs for the financial year 2021 to ₹ 647.60 lakhs for the financial year 2023. The growth has been attributable due to the purchase of assets and liabilities from the proprietorship concern and increase in order flow and better margins due to lower fixed cost in comparison with increase in revenue. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate. Our inability to manage our business plans effectively and execute our growth strategy in a timely manner, or within budget estimates or our inability to meet the expectations of our customers and other stakeholders could have an adverse effect on our business, results of operations and financial condition. Further, our future prospects will depend on our ability to grow our business and operations, which could be affected by many factors, including our ability to maintain the quality of our products, general political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates, price of equipment and raw materials, energy supply and currency exchange rates.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers’ needs or operate our business effectively. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to select and retain key managerial personnel. We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations, or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

**21. The valve components we manufacture are required to strictly comply with the customer specification, in case they do not comply with the customer’s requirement it may have an adverse effect on business, financial condition and results of operations.**

The valve components we manufacture are based on the strict compliance with the requirements of the customers. The customer provides us with the specification, material to be used etc. while placing the orders. We then manufacture the components in compliance with the



specification provided by the customers. In case they do not comply with the customers' requirement the components may not fit properly in the valve and this may impact the overall quality and functionality of the valves. In case the components does not meet the required purpose the customer may cancel the orders or hold payments. In case of any such scenario, we would be unable to maintain the revenue and turnover, which would adversely affect our sales, margins and customer relations.

Further, the valves manufactured using our components are used in industry sectors which if not adhere to the specifications and quality standards may lead to industrial accidents and losses to property. Further, any rapid change in our customers' expectation on account of changes in technology or introduction of new product or any other reason and failure on our part to meet their expectation could adversely affect our business, results of operations and financial condition. We believe that we have always expanded our capacities based on latest technology to cater to the growing demand of our customers. However, we cannot assure you that our capacity expansion or any components manufactured by us, will be successfully accepted by our customers. Any failure on our part to successfully meet customer demand or preference may negatively affect our business, results of operation and financial condition. For further details about business of our Company, please refer chapter titled "Business Overview" beginning on page 84 of this Draft Red Herring Prospectus.

**22. *Our Company is dependent on third party transportation for the delivery of raw materials and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

Our Company uses third party transportation for delivery of our raw materials and finished goods. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition, such goods may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure raw materials or delivery of goods on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**23. *Our manufacturing activities are dependent upon availability of skilled and unskilled labour.***

We have made arrangement of labour requirements at both our manufacturing facilities through our on-roll employees and employing contractual labour, wherever required by our Company. Our manufacturing activities are dependent on availability of skilled and unskilled labour. Though our business has not experienced any disruptions due to non-availability of labour or any disputes with them in past, we cannot assure you the same in future which may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations. Our success is substantially dependent on our ability to recruit, train and retain skilled manpower. Any high attrition or competition for manpower may limit our ability to attract and retain the skilled manpower necessary for our future growth requirements. We cannot assure you that skilled manpower will continue to be available in sufficient numbers suitable to our requirements or that we will be able to grow our workforce in a manner consistent with our growth objectives, which may affect our business, financial condition, results of operations and prospects. For further details about business of our Company, please refer chapter titled "Business Overview" beginning on page 84 of this Draft Red Herring Prospectus.

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

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site labour for performance of certain of our operations in our manufacturing facilities. Although we do not engage these laborers directly, we may be held responsible for any wage payments to be made to such laborers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. Further, we are yet to apply for registration under the Contract Labour Regulation & Abolition Act, 1970. In addition, there are certain conditions under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, which we are required to adhere to and in the event of any non-compliance by contractors with statutory requirements, legal proceedings may be initiated against us. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.

**25. *Misconduct or errors by manpower engaged by us could expose us to business risks or losses that could affect our business prospects, results of operations and financial condition.***

Misconduct or errors by manpower engaged by us could expose us to business risks or losses, including regulatory sanctions, penalties and serious harm to our business. Such misconduct includes breach of security requirements, misappropriation of funds, hiding

unauthorized activities, failure to observe our stringent operational standards and processes and improper use of confidential information. Though our company has not experienced any misconduct mentioned above in past, it is not always possible to detect or deter such misconduct, and the precautions we take to prevent and detect such misconduct may not be effective. The risks associated with the deployment of manpower include possible claims relating to:

- a. actions or inactions, including matters for which we may have to indemnify our customers;
- b. Our failure to adequately verify personnel backgrounds and qualifications resulting in deficient services;
- c. failure of manpower engaged by us to adequately perform their duties or absenteeism; and
- d. errors or malicious acts or violation of security, privacy, health and safety regulations;

Any claims may give rise to litigation and claims for damages, which could be time-consuming. These claims may also result in negative publicity and effect our business. Any claims and proceedings for alleged negligence as well as regulatory actions may in turn materially and consequently, our business, financial condition, results of operations and prospects.

**26. *A shortage or non-availability of electricity or power may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing operations require a significant amount and continuous supply of electricity and power and any shortage or non-availability may adversely affect our operations. We currently source our power requirements from state electricity boards for majority of our energy requirements. Although we have diesel generators to meet exigencies at our facility and also planning to install solar power plant at our manufacturing plants to overcome electricity and power issues, but we cannot assure you that our facility will be operational during power failures. Any failure on our part to obtain alternate sources of electricity, fuel or power, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

**27. *Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, results of operations and financial condition.***

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, air and water discharges and other aspects of our operations. Although no accidents /incidents occurred in past in our company and we also believe that we have implemented safety related measures, any accidents at our facilities may result in personal injury or loss of life of our employees or other people, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable, and could adversely affect our reputation. Additionally, adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

**28. *The unsecured loan availed by our Company from Directors may be recalled at any given point of time.***

Our Company has been availing unsecured loans from Directors from time to time. The total outstanding payable to them as on March 31, 2023 amounts to Rs. 1100.56 Lacs as per Restated Financials Statement. Although there are no terms and condition prescribed for repayment of unsecured loan from our Director and Promoter which can be recalled at any given point of time during ordinary course of business. Further, our promoters are currently not charging any interest on the loan provided to the company but if in future they start charging interest on the loan provided by them, then this may affect the profitability, business operations and financial performance of our Company. For further details regarding loans availed by our Company, please refer "Financial Information of our Company" on page 122 of this Draft Red Herring Prospectus.

**29. *Any failure to comply with financial and other restrictive covenants imposed on us under our financing agreements may affect our operational flexibility, business, results of operations and prospects.***

As on March 31, 2023, our total secured borrowings amounted to Rs. 1777.43 Lacs. Our leverage has several important consequences, including the following:-

- A portion of our cash flow will be used towards repayment of debt, which will reduce the availability of cash to fund working capital requirements, capital expenditures and other general corporate purposes;

- Our borrowing cost and the existence of encumbrances on a significant portion of our immovable properties may constrain. In the event of enforcement of an event of default in connection with such secured borrowings (which is not waived or cured), our ability to continue to operate our business at such locations may be restricted;
- Fluctuations in interest rates may affect our cost of borrowing, as all or a substantial part of our borrowings is at floating rates of interest;

The termination of, or declaration or enforcement of default under, any current or future financing agreement (if not waived or cured) may affect our ability to raise additional funds or renew maturing borrowings to finance our existing operations and pursue our growth initiatives and, therefore, have an effect on our business, results of operations and prospects. For further details of our loans, Please refer chapter titled “Financial Information of our Company” beginning on page 122 of this Draft Red Herring Prospectus.

***30. Our operations are labour intensive and our manufacturing operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

Our operations are labour intensive and we are dependent on our labour force which includes on roll employees and contract labour for our manufacturing operations. As of March 31, 2023, we have employed 148 employees at various levels of the organization including KMP and we employ contract laborers for other miscellaneous work. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. While we have not experienced any major prolonged disruption 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 any such disruption 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. 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. For further details of our business, Please refer to chapter titled “Business Overview” beginning on page 84 of this Draft Red Herring Prospectus.

***31. We have entered into and may enter into related party transactions in the future also.***

Our Company had entered into various related party transactions with our Promoters and Directors. These transactions, inter-alia includes salary, remuneration, loans and advances, rent and business take-over transactions etc. Our Company entered into such transactions at arm length price due to easy proximity and quick execution. The transaction is in compliance with Companies act and other applicable regulations. However, there is no assurance that we could not have obtained better and more favorable terms that our Company not entered into such related party transactions. Our Company may enter into such transactions in future also and we cannot assure that in such an event there would be no adverse effect on results of our operations. For details, please refer to Related Party Transactions of the Auditor’s Report under Section titled “Financial Information of the Company” beginning on page 122 of this Draft Red Herring Prospectus.

***32. Our success is dependent on our Promoter, senior management and skilled manpower. Our inability to attract and retain key personnel or the loss of services of our Promoter or Managing Director and Whole Time Directors may have an adverse effect on our business prospects.***

Our Promoters, Managing Director, Whole Time Director and senior management have significantly contributed to the growth of our business, and our future success is dependent on the continued services of our senior management team. Our Promoters, Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shirinivas Laxmikant Kole have experience of around 30 years, 20 years and 4 years respectively in the valve components industry. The experience of our Promoters has been instrumental in determining the vision and growth strategies for our Company. Prior to incorporation, our Promoter, Laxmikant Sadashiv Kole had commenced the business of manufacturing of machined and valves components through his proprietary concern M/s Balaji Enterprises, later during the year 2004, M/s Shrinivas Engineering proprietary concern was established by his wife & our promoter Madhuri Kole. An inability to retain any key managerial personnel may have an adverse effect on our operations. Our ability to obtain new clients also depends on our ability to attract, train, motivate and retain highly skilled professionals, particularly at managerial levels. We might face challenges in recruiting suitably skilled personnel, particularly as we continue to grow and diversify our operations. In the future, we may also not be able to compete with other larger companies for suitably skilled personnel due to their ability to offer more competitive compensation and benefits. The loss of any of the members of our senior management team, our whole-time director or other key personnel or an inability on our part to manage the attrition levels; may materially and adversely impact our business, results of operations, financial condition and growth prospects. From time to time, it may be difficult to attract and retain qualified individuals with the requisite expertise and we may not be able to satisfy the demand from customers for our products because of our inability to successfully hire and retain qualified personnel. For further details of our Promoters and Management, please refer chapter titled “Our Promoters and Promoter Group” and “Our Management” beginning on page 116 & 109 of this Draft Red Herring Prospectus.

**33. *Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of coverage include standard fire and special perils insurance policy, burglary insurance and workmen compensation insurance. However, we do not maintain any insurance policies to cover the risk of Cash in Transit, Goods in transit, Machinery Breakdown Insurance, Keyman insurance policy, Group personal Accident insurance, Group Medical Insurance for the employees and workers of the company, third part vehicle insurance for cranes etc. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

**34. *Our Company has issued Equity Shares in the last 12 months at a price which may be lower than the Issue Price.***

Our Company has issued Equity Shares in the last 12 months, which may be at a price lower than the Issue Price. Below are the details of the shares issued at a price which may be lower than the issue price –

Date of Allotment of Equity Shares	No. of Equity Shares allotted	Face Value	Nature of Allotment	Cumulative No. of Equity Shares
		(₹)		
June 17, 2023	59,90,000	10/-	Bonus issue in the Ratio of 599:1	60,00,000

For further details, see “Capital Structure” on page 53.

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

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. For details of dividend paid by our Company in the past, see “Dividend Policy” on page 121.

**36. *We will continue to be controlled by our Promoters after the completion of the Issue.***

After the completion of the Issue, our Promoters will hold majority of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot guarantee that our Promoters and Promoter Group will act in our interest while exercising their rights

**37. *Our Promoter and Promoter Group members has provided personal guarantees and mortgage personal property for loans availed by our Company. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the invocation of all or any personal guarantees provided by our Promoter and Promoter Group members.***

Our Promoter and Promoter Group Members has provided personal guarantees and mortgage personal property to secure a significant portion of our existing borrowings, and may post listing continue to provide such guarantees and other security. In case of a default under our loan agreements, any of the personal guarantees and personal property provided by our Promoter and Promoter Group Members may be invoked, which could negatively impact the reputation of our Company. Also, we may face certain impediments in

taking decisions in relation to our Company, which in turn would result in a material adverse effect on our financial condition, business, results of operations and prospects and would negatively impact our reputation. In addition, our Promoter and Promoter Group Members may be required to liquidate his shareholding in our Company to settle the claims of the lenders, thereby diluting his shareholding in our Company. We may also not be successful in procuring alternate guarantees satisfactory to the lenders, as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows. For further details regarding loans availed by our Company, please refer “Statement of Financial Indebtedness” on page 160 of this Draft Red Herring Prospectus.

***38. We have not received NOC from one of our lender for undertaking the initial public offer of equity shares.***

As on the date of this Draft Red Herring Prospectus, we have not received the NOC for the Proposed Issue from one of our lender, namely HDFC Bank Limited. However, our Company intends to obtain the necessary NOC in relation to the proposed issue from such lender prior to the filing of the Prospectus with the RoC, undertaking the proposed issue without obtaining such lender NOC may constitute a default under such loan agreement, which could impact our loan facilities and may have an effect on our financial condition and results of operations.

***39. Any Penalty or demand raise by statutory authorities in future will affect our financial position of the Company.***

Our Company is mainly engaged in business of manufacturing of ready to assemble industrial valves components catering to different industries and in different sizes which attracts tax liability such as goods & Service Tax, Income Tax and other applicable provision of the Acts. However, the Company has been filing the return regularly under above applicable acts but any demand or penalty raise by concerned authority in future for any previous year and current year will affect the financial position of the Company. For detail, Please refer “Outstanding Litigation and Material Development” beginning on page 176 of Draft Red Herring Prospectus. Any such penalty arising in future may lead to financial loss to our Company.

***40. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule.***

The proposed fund requirement for our business, as detailed in the section titled "Objects of the Issue" is to be funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute our future plans/strategy within the given timeframe. For details, please refer to the Chapter titled “Objects of the Issue” beginning on page 64 of this Draft Red Herring Prospectus.

***41. Our operations are subject to high working capital requirements. Our inability to maintain an optimal level of working capital required for our business may impact our operations adversely.***

Our business requires significant amount of working capital and major portion of our working capital is utilized towards operating expenses, inventories and cash and cash equivalents. As on March 31, 2023, our working capital facility stood at Rs. 900 lakhs from HDFC Bank Limited. Our growing scale and expansion, if any, may result in increase in the quantum of current assets, which will increase our working capital requirements. Our inability to maintain sufficient cash flow, credit facility and other sources of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. Further, we have high outstanding amount due from our debtors which may result in a high risk in case of non-payment by these debtors. In case of any such defaults from our debtors, may affect our business operations and financials. For further details regarding working capital requirement, please refer to the section “Objects of the Issue” on page 64 of this Draft Red Herring Prospectus.

***42. The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. Any variation between the estimation and actual expenditure as estimated by the management could result in execution delays or influence our profitability adversely.***

The deployment of funds as stated in the “Objects of the Issue” beginning on page 64 of the Draft Red Herring Prospectus is entirely at the discretion of our management and has not been appraised by any independent agency. Further, the purposes for which the Net Proceeds are to be utilized have not been appraised by an independent entity and are based on our estimates. In the event, for whatsoever reason, we are unable to execute our plans, we could have a significant amount of unallocated net proceeds. In such a situation, we would have broad discretion in allocating these net proceeds from the Issue without any action or approval of our shareholders. In case the assumptions on which these estimates have been made are not correct or they become un-realistic then there will be a variation in the estimates and the actual expenditure incurred which could result in execution delays and have an adverse effect on our operations

and profitability. The cost estimated by our management are based on their experience, however, we may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost and other financial, operational and technological factors. Accordingly, prospective investors in the issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the proceeds of the issue in a timely or an efficient manner, it may affect our business and results of operations

**43. *There is no monitoring agency appointed by Our Company to monitor the utilization of the Issue proceeds.***

As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above Rs. 10,000 Lacs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the stock exchange and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

**44. *Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our significant shareholders may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us may dilute your shareholding in the Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**45. *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The issue price of the equity shares has been based on many factors and may not be indicative of the market price of our Equity Shares after the Issue. For further information please refer the section titled "Basis for Issue Price" beginning on page 71 of the Draft Red Herring Prospectus. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price.

**46. *We have not independently verified certain data in this Draft Red Herring Prospectus.***

We have not independently verified data from the Industry and related data contained in this Draft Red Herring Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**EXTERNAL RISK FACTORS**

**47. *We are heavily dependent upon the growth prospects of the valve industries and the industry which consume the valves produced by our customers.***

Any slowdown in the rate of growth in the valve industry or the industry which consumes the valves manufactured by our customers, would seriously impact our own growth prospects and may result in decline in profits. Our Company's business involves supply of valve components to valve manufacturers which are further used in the oil and gas sector, power generation sector, Petro-chemical industry, construction equipment manufacturing industry along with pharmaceuticals, food and beverage industry, etc. The demand for their products will ultimately be from industries, which in turn depend on global and domestic economic conditions. Due to the lack of demand, the slowdown in these industries may have an adverse impact on our business

Further, we also export our valve components across different countries in the world, in case of any reduction in demand from the overseas customers due to any local disturbances in those areas may have an adverse effect on our export revenue. Further, in these may be restrictions being placed by our Government or the ruling government in those countries which may affect the free movement of goods from one country to another and have an adverse effect on our export volumes.

**48. *Political, economic or other factors that are beyond our control may have an adverse effect on our business, results of operations and cash flows.***

We currently operate in India and are dependent on domestic, regional and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent on the metal pricing and development in the valve industry in the Indian economy. There have been periods of slowdown in the economic growth of India. For instance, the situations of lock-down due to pandemic Covid-19 spread in India and all other parts of world. If such condition prevail for longer time the demand for our products & services may be adversely affected by an economic downturn in domestic, regional and global economies. India's economic growth is also affected by various other 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. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, cash flows and financial condition. Also, a change in the Government or a change in the economic and deregulation policies could 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.

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

Our financial statements are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

**50. *Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging Asian market countries. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. In recent times, the Indian financial markets had been negatively affected by the volatility in global financial market, including on account of certain European nations' debt troubles and move to break away by the United Kingdom from the European Union. Although, economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Currencies of a few Asian countries have in the past suffered depreciation against the U.S. Dollar. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Liquidity and credit concerns and volatility in the global credit and financial markets have increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. and European financial institutions. These events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in countries have implemented a number of policy measures, designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

**51. *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, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring 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 different parts 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.

**52. *A significant change in the Government of India's economic liberalization and deregulation policies could adversely affect our business and the price of our Equity Shares.***

The Government of India has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Unfavorable government policies could adversely affect business and economic conditions in India, and could also affect our ability to implement our strategy and our future financial performance. It is very difficult to predict the economic policies that will be pursued by the Government of India. For example, there may be an increasing number of laws and regulations, which may affect the free trade by the companies. The rate of economic liberalization could change and specific laws and policies could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

**53. *A slowdown in economic growth in India may adversely affect our business, financial condition, cash flows, results of operations and prospects.***

The performance and growth of our business are necessarily dependent on economic conditions prevalent in India, which may be materially and adversely affected by center or state political instability or regional conflicts, a general rise in interest rates, inflation, and economic slowdown elsewhere in the world or otherwise. Further, there have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results.

**54. *Instability in financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

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

Foreign ownership of Indian securities is subject to government regulation. Under foreign exchange regulations currently in affect in India, transfer 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 rupees proceeds from the 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 authorities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained



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

Any adverse revisions to India's credit ratings for domestic and international debt by any international rating agencies may adversely impact our ability to raise additional financing, and the interest rate and other commercial terms at which such additional financing may be available. This could have adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the price of our Equity Shares.

**SECTION IV – INTRODUCTION**

**THE ISSUE**

<b>PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>	
<b>Equity Shares Offered through Public Issu</b>	Issue of upto 21,60,000 Equity Shares of face value of ₹ 10 each fully paid-up of our Company for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] Lakhs.
<b>Out of which:</b>	
<b>Issue Reserved for the Market Makers</b>	[●] Equity Shares of face value of ₹ 10 each fully paid-up of our Company for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] Lakhs.
<b>Net Issue to the Public</b>	[●] Equity Shares of face value of ₹ 10 each fully paid-up of our Company for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] Lakhs.
<b>Out of which</b>	
<b>A. QIB Portio</b>	Not more than [●] Equity Shares aggregating up to ₹ [●] lakhs.
<b>i) Anchor Investor Portion</b>	
	Upto [●] Equity Shares aggregating up to ₹ [●] lakhs.
<b>ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)</b>	
	Upto [●] Equity Shares aggregating up to ₹ [●] lakhs.
<b>Out of which</b>	
<b>a) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)</b>	Upto [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>b) Balance of QIB Portion for all QIBs including Mutual Funds</b>	Upto [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>B. Non-Institutional Portion</b>	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>C. Retail Portion</b>	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>Pre and Post – Issue Equity Shares</b>	
<b>Equity Shares outstanding prior to the Issue</b>	60,00,000 Equity Shares of face value of ₹ 10 each
<b>Equity Shares outstanding after the Issue</b>	Upto 81,60,000 Equity Shares of face value ₹ 10 each
<b>Use of Net Proceeds by our Company</b>	Please see the chapter titled “ <i>Objects of the Issue</i> ” on page 64 of this Draft Red Herring Prospectus.

(1) Public issue upto 21,60,000 Equity Shares face value of ₹ 10.00 each for cash at a price of ₹ [●] per Equity Share of our Company aggregating to ₹ [●] Lakhs. This issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details please refer to section “Issue Structure” beginning on page 201 of this Draft Red Herring Prospectus.

The present Issue has been authorized by our Board pursuant to a resolution passed at its meeting held on July 24, 2023 and by our Equity Shareholders vide a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Annual General meeting held on July 31, 2023.

**Notes:**

- 1) The Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. This Issue is being made by our company in terms of Regulation of 229 (1) of SEBI ICDR Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the post – issue paid up equity share capital of our company are being offered to the public for subscription.
- 2) The SEBI ICDR Regulations permit the issue of securities to the public through the Book Building Process, which states that, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not more than 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, subject to valid Bids being received at or above the Issue Price. Accordingly, we have allocated the Net Issue i.e. not more than 50% of the Net Issue to QIB and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Investors and not less than 15% of the Net Issue shall be available for allocation to Non-institutional bidders.
- 3) Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the

discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.

Our Company may, in consultation with the Book Running Lead Manager, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, please refer section titled "Issue Procedure" beginning on page 204 of this Draft Red Herring Prospectus.

**SUMMARY OF FINANCIAL STATEMENTS****RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(Rs. in Lakhs)

Particular		As at the Year/Period ended		
		31/03/2023	31/03/2022	31/03/2021
A)	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' Funds</b>			
(a)	Share Capital	1.00	1.00	1.00
(b)	Reserves & Surplus	795.30	147.70	(5.77)
(c)	Share Application Money	-	-	-
		<b>796.30</b>	<b>148.70</b>	<b>(4.77)</b>
2	<b>Non-Current Liabilities</b>			
(a)	Long Term Borrowings	1690.18	1666.64	948.52
(b)	Deferred Tax Liabilities (Net)	-	-	2.05
(c)	Other Long Term Liabilities	-	24.47	-
(d)	Long Term Provisions	15.01	8.70	2.00
		<b>1705.19</b>	<b>1699.80</b>	<b>952.57</b>
3	<b>Current Liabilities</b>			
(a)	Short Term Borrowings	1187.81	1,133.07	451.02
(b)	Trade Payables			
	Due to Micro and small enterprises	465.92	359.38	198.70
	Due to Others	481.69	458.66	81.19
(c)	Other Current Liabilities	65.23	15.58	12.09
(d)	Short Term Provisions	325.34	158.28	67.83
		<b>2525.98</b>	<b>2124.97</b>	<b>810.83</b>
	<b>Total</b>	<b>5027.48</b>	<b>3973.46</b>	<b>1758.63</b>
B)	<b>ASSETS</b>			
1	<b>Non-Current Assets</b>			
(a)	Property, Plant and Equipment and Intangible Assets			
	i) Property, Plant and Equipment	1566.72	525.31	442.99
	ii) Intangible Assets	0.24	0.44	0.81
	iii) Capital Work in progress	170.11	857.87	78.94
	iv) Intangible Assets under development	-	-	-
(b)	Non-Current Investment	-	-	-
(c)	Deferred Tax Assets (Net)	10.26	7.32	-
(d)	Long Term Loans and Advances	-	-	-
(e)	Other Non-Current Assets	23.24	22.91	10.09
		<b>1770.57</b>	<b>1413.86</b>	<b>532.84</b>
2	<b>Current Assets</b>			
(a)	Current Investment			
(b)	Trade Receivables	1792.53	1,483.77	722.83
(c)	Cash and Cash equivalents	159.32	134.41	1.17
(d)	Inventories	838.43	624.81	333.24
(e)	Short-Term Loans and Advances	459.45	294.08	100.34
(f)	Other Current Assets	7.18	22.53	68.22
		<b>3256.91</b>	<b>2559.59</b>	<b>1,225.80</b>
	<b>Total</b>	<b>5027.48</b>	<b>3973.46</b>	<b>1,758.63</b>

## RESTATED STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

PARTICULARS		For the year/period ended on		
		31/03/2023	31/03/2022	31/03/2021
1	<b>Revenue From Operations</b>	6232.33	3882.91	1607.11
2	<b>Other Income</b>	66.77	23.14	9.37
3	<b>Total Revenue (1+2)</b>	6299.10	3906.05	1616.49
4	<b>Expenses</b>			
(a)	Cost of Material Consumed	3883.19	2607.97	1145.59
(b)	Purchase of Stock in trade	-	-	-
(c)	Change of Inventories of Work in progress and finished goods	(186.67)	(200.03)	(170.72)
(d)	Employee Benefit Expenses	1010.04	827.25	373.99
(e)	Finance Costs	136.01	41.96	25.56
(f)	Depreciation and Amortization Expenses	191.35	53.08	27.80
(g)	Other Expenses	397.20	366.34	215.43
5	<b>Total Expenses 4(a) to 4(g)</b>	5431.11	3696.57	1617.65
6	<b>Profit/(Loss) Before Exceptional &amp; Extraordinary items &amp; Tax (3-5)</b>	867.99	209.48	(1.17)
7	Exceptional item	-	-	-
8	<b>Profit/(Loss) Before Extraordinary items &amp; Tax (6-7)</b>	<b>867.99</b>	<b>209.48</b>	<b>(1.17)</b>
9	Prior Period Expenses			
10	Extraordinary items			
11	<b>Profit/(Loss) Before Tax (8-9-10)</b>	<b>867.99</b>	<b>209.48</b>	<b>(1.17)</b>
12	<b>Tax Expense:</b>			
(a)	Current Tax	222.47	65.25	-
(b)	Deferred Tax	(2.94)	(9.37)	2.05
(c)	MAT Credit entitlements	-	-	-
(d)	Prior period expenses	-	-	-
(e)	Excess/short provision written back/off	0.85	0.13	-
	<b>Total</b>	<b>220.39</b>	<b>56.01</b>	<b>2.05</b>
13	<b>Profit/(Loss) for the Year</b>	<b>647.60</b>	<b>153.47</b>	<b>(3.22)</b>

**RESTATED CASH FLOW STATEMENT**

(Rs. in Lakhs)

PARTICULARS	For the period/ year ended on		
	31/03/2023	31/03/2022	31/03/2021
<b>A) Cash Flow From Operating Activities :</b>			
<b>Net Profit before tax as per Statement of Profit &amp; Loss</b>	867.99	209.48	(1.17)
Adjustment for :			
Depreciation and amortization Expenses	191.35	53.08	27.80
Finance Cost	136.01	41.96	25.56
Interest Income	(1.57)	(0.12)	0.00
Rent	(0.38)		
Income Tax Adjustments	(56.32)	(19.02)	(1.63)
<b>Operating profit before working capital changes</b>		(0.13)	-
<b>Changes in Working Capital</b>	<b>1137.08</b>	<b>285.23</b>	<b>50.57</b>
(Increase)/Decrease in Trade Receivables			
(Increase)/Decrease in Inventory	(308.76)	(760.94)	(722.83)
(Increase)/Decrease in Short Term Loans & Advances	(213.62)	(291.57)	(333.24)
(Increase)/Decrease in Other Current & Non-Current Assets	13.01	(143.31)	(28.94)
Increase/(Decrease) in Trade Payables	13.67	30.84	(72.23)
Increase/(Decrease) in Other Current Liabilities	129.57	538.15	279.86
Increase/(Decrease) in Short Term Provisions, etc.	31.50	27.96	11.79
<b>Cash generated from operations</b>	<b>9.87</b>	<b>31.89</b>	<b>69.27</b>
Less:- Income Taxes paid	<b>812.30</b>	<b>(281.74)</b>	<b>(745.75)</b>
<b>Net cash flow from operating activities - A</b>	<b>244.51</b>	<b>50.43</b>	<b>14.10</b>
<b>B) Cash Flow From Investing Activities :</b>	<b>567.79</b>	<b>(332.17)</b>	<b>(759.85)</b>
Purchase of Fixed Assets including of CWIP			
Rent	(543.43)	(911.93)	(277.92)
Interest Income	0.38		-
<b>Net cash flow from investing activities - B</b>	<b>1.57</b>	<b>0.12</b>	<b>0.00</b>
<b>C) Cash Flow From Financing Activities :</b>	<b>(541.48)</b>	<b>(911.81)</b>	<b>(277.92)</b>
Proceeds from Issue of Share Capital			
Increase/(Decrease) in Short Term Borrowings	-	-	-
Increase/(Decrease) in Long Term Borrowings	54.74	682.05	446.06
Finance Cost	23.54	718.12	616.18
<b>Net cash flow from financing activities - C</b>	<b>(136.01)</b>	<b>(41.96)</b>	<b>(25.56)</b>
	<b>(57.72)</b>	<b>1358.20</b>	<b>1036.68</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents - (A+B+C)</b>			
Cash equivalents at the beginning of the year	<b>(31.41)</b>	<b>114.22</b>	<b>(1.09)</b>
<b>Cash equivalents at the end of the year</b>	<b>134.41</b>	<b>1.17</b>	<b>0.63</b>
Exchange difference on foreign currency cash and cash equivalents	56.32	19.02	1.63
<b>Cash equivalents at the end of the year</b>	<b>159.32</b>	<b>134.41</b>	<b>1.17</b>

Notes –

Component of Cash and Cash equivalents	31/03/2023	31/03/2022	31/03/2021
Cash on hand	0.26	0.86	0.95
Balance With banks	135.10	0.15	0.12
Fixed Deposits	14.36	123.81	0.1
-Electronica Finance Ltd Deposit	9.59	9.59	-
<b>Total</b>	<b>159.32</b>	<b>134.41</b>	<b>1.17</b>

- Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregate.
- The accompanying summary of significant accounting policies, restated notes to accounts and notes on adjustments for restated summary financial information (Annexure IV) are an integral part of this statement.

**GENERAL INFORMATION**

**Brief Summary:**

Our Company was originally incorporated on November 17, 2011, as a private limited Company under the name and style of Shri Balaji Valve Components Private Limited under the provisions of Companies Act, 1956 with the Registrar of Companies, Pune Maharashtra bearing registration no 141370. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” vide fresh certificate of incorporation dated July 10, 2023, issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is U29220PN2011PLC141370.

For further details please refer to chapter titled “History and Corporate Structure” beginning on page 106 of this Draft Red Herring Prospectus.

<b>Address of the Registered Office</b>	<b>Address of the RoC</b>
<b>Shri Balaji Valve Components Limited</b> Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune , Maharashtra, India, 410501. <b>Tel. No.:</b> +91 97655 65409 <a href="mailto:Info@balajivalvecomponents.Com">Email: Info@balajivalvecomponents.Com</a> <a href="http://www.balajivalvecomponents.com">Website: www.balajivalvecomponents.com</a> <b>CIN:</b> U29220PN2011PLC141370 <b>Registration Number:</b> 141370	<b>Registrar of Companies, Pune, Maharashtra</b> PCNTDA Green Building, Block A, 1st & 2nd Floor, Near Akurdi Railway Station, Akurdi, Pune – 411044, Maharashtra, India Phone: 020-27651375/1378 Fax: 020-25530042 <a href="mailto:roc.pune@mca.gov.in">Email id: roc.pune@mca.gov.in</a> <a href="http://www.mca.gov.in">Website: www.mca.gov.in</a>

**Board of Directors:**

The Board of Directors of our Company as on the date of filing of this Draft Red Herring Prospectus consists of:

<b>Name of Director</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Laxmikant Sadashiv Kole	Chairman & Managing Director	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018	5110323
Madhuri Laxmikant Kole	Non-Executive Director	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018	5110326
Shrinivas Laxmikant Kole	Whole-Time Director & CFO	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, 411018	10119216

*For further details in relation to our Directors, please refer to chapter titled “Our Management” on page 109 of this Draft Red Herring Prospectus.*

<b>Chief Financial Officer</b>	<b>Company Secretary and Compliance Officer</b>
<b>Shrinivas Laxmikant Kole</b> <b>Shri Balaji Valve Components Limited</b> <b>Address:</b> Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune , Maharashtra, India, 410501. <b>Tel. No.:</b> +91 97655 65409 <a href="mailto:info@balajivalvecomponents.Com">Email: info@balajivalvecomponents.Com</a> <a href="http://www.balajivalvecomponents.com">Website: www.balajivalvecomponents.com</a>	[●] <b>Shri Balaji Valve Components Limited</b> <b>Address:</b> Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune , Maharashtra, India, 410501. <b>Tel. No.:</b> +91 97655 65409 <a href="mailto:info@balajivalvecomponents.Com">Email: info@balajivalvecomponents.Com</a> <a href="http://www.balajivalvecomponents.com">Website: www.balajivalvecomponents.com</a>

**Investor Grievances:**

Investors can contact the Company Secretary and Compliance Officer, the BRLM or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, non-credit of allotted equity shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Applicant should give full details such as name of the sole or first Applicant, ASBA Form number, Applicant DP ID, Client ID, PAN, date of the ASBA Form, details of UPI IDs (if applicable), address of the Applicant, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Applicant.

All grievances relating to the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as name of the sole or first Applicant, Bid cum Application Form number, Applicants DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Applicant, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the relevant BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

For all Issue related queries and for redressal of complaints, investors may also write to the BRLM. Further, the investors shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

**Details of Key Intermediaries pertaining to this Issue and Our Company:**

<b>Book Running Lead Manager of the Issue</b>	<b>Legal Advisor to the Issue</b>
<p><b>Hem Securities Limited</b>  <b>Address:</b> 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai-400013, Maharashtra, India  <b>Tel No.:</b> +91-22-4906 0000  <b>Fax No.:</b> +91-22-22625991  <b>Email:</b> <a href="mailto:ib@hemsecurities.com">ib@hemsecurities.com</a>  <b>Investor Grievance Email:</b> <a href="mailto:redressal@hemsecurities.com">redressal@hemsecurities.com</a>  <b>Website:</b> <a href="http://www.hemsecurities.com">www.hemsecurities.com</a>  <b>Contact Person:</b> Mr. Sourabh Garg  <b>SEBI Reg. No.:</b> INM000010981</p>	<p><b>Vedanta Law Chambers</b>  <b>Address:</b> 1st Floor, SSK House, B-62, Sahakar Marg, Lal Kothi, Jaipur-302015 Rajasthan, India  <b>Tel:</b> +91- 141 -2740911, 4014091  <b>Fax:</b> +91- 141 -2740911  <b>Website:</b> <a href="http://www.vedantalawchambers.com">www.vedantalawchambers.com</a>  <b>Email:</b> <a href="mailto:vedantalawchambers@gmail.com">vedantalawchambers@gmail.com</a>  <b>Contact Person:</b> Advocate Nivedita Ravindra Sarda</p>
<b>Registrar to the Issue</b>	<b>Statutory Auditor</b>
<p><b>Bigshare Services Private Limited</b>  <b>Address:</b> S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093, India.  <b>Telephone:</b> +91 22 6263 8200  <b>Facsimile:</b> +91 22 6263 8299  <b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a>  <b>Investor Grievance Email:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>  <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>  <b>Contact Person:</b> Mr. Babu Raphel  <b>SEBI Registration Number:</b> INR000001385  <b>CIN:</b> U99999MH1994PTC076534</p>	<p><b>M/s. Kishor Gujar &amp; Associates</b>  <b>Chartered Accountants,</b>  <b>Address:</b> Off. No. 2, 1st Floor, Mahalaxmi Heights, Near Bank Of Maharashtra (Pimpri Branch), Mumbai-Pune Road, Pimpri, Pune –411018  <b>Telephone:</b> +91-20 – 27472930  <b>Email:</b> <a href="mailto:info.kgapune@gmail.com">info.kgapune@gmail.com</a>  <b>Firm Registration No.:</b> 116747W  <b>Peer Review Certificate Number:</b> 014220  <b>Membership No:</b> 134752  <b>Contact Person:</b> Laxmi Rawat</p>
<b>Bankers to the Company</b>	<b>Syndicate Member*</b>
[•]	[•]
<b>Bankers to the Issue/ Refund Banker/ Sponsor Bank**</b>	
[•]	

\*The Bankers to the Issue/ Refund Banker/ Sponsor Bank and Syndicate Member shall be appointed prior to filing of the Red Herring Prospectus with the RoC.



### **Designated Intermediaries:**

#### **Self-Certified Syndicate Banks (SCSB's)**

The list of SCSBs, as updated till date, is available on website of Securities and Exchange Board of India at below link.  
<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>;  
<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>  
Investors are requested to refer the SEBI website for updated list of SCSBs and their 33 designated branches.

#### **Self-Certified Syndicate Banks eligible as Sponsor Banks for UPI**

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=41>

#### **Syndicate SCSB Branches**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Applying using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, as amended.

#### **Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the website of the SEBI at (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>), respectively, as updated from time to time.

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

The list of the Registrar to Issue and Share Transfer Agents (RTAs) eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10>, as updated from time to time.

#### **Collecting Depository Participants**

The list of the Collecting Depository Participants (CDPs) eligible to accept Bid-cum-Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19> for NSDL CDPs and at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18> for CDSL CDPs, as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

#### **Brokers to the Issue**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

#### **Expert Opinion**

Except the report of the Auditor on statement of special tax benefits and report on restated financial statements prepared for financial year ended March 31, 2023, 2022 and 2021 as included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinion.

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

Since, Hem Securities Limited is the sole Book Running Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Book Running Lead Manager is not applicable.

### **Appraisal and Monitoring Agency**

As per regulation 262(1) of SEBI ICDR Regulations, the requirement of monitoring agency is not mandatory if the Issue size is up to ₹ 10,000 Lakh. Since the Issue size is below ₹ 10,000 Lakh, our Company has not appointed any monitoring agency for this Issue. However, as per section 177 of the Companies Act, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the issue.

### **Credit Rating**

As this is an issue of Equity Shares, there is no credit rating for the Issue.

### **IPO Grading**

No credit rating agency registered with SEBI has been appointed for grading the Issue.

### **Debenture Trustees**

As this is an issue of Equity Shares, the appointment of Debenture trustees is not required.

### **Filing of Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus with the SEBI/ RoC**

The Draft Red Herring Prospectus is being filed with BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Maharashtra, India.

The Draft Red Herring Prospectus will not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in terms of Regulation 246(2) of SEBI (ICDR) Regulations, 2018. Pursuant to Regulation 246(5) of SEBI (ICDR) Regulations, 2018 and SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of Red Herring Prospectus/ Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

A copy of the Red Herring Prospectus/ Prospectus, along with the documents required to be filed under Section 26 & 32 of the Companies Act, 2013 will be filed to the RoC Office situated at Registrar of Companies, Pune, PCNTDA Green Building, Block A, 1st & 2nd Floor, Near Akurdi Railway Station, Akurdi, Pune - 411044 Maharashtra.

### **Book Building Process**

Book Building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company in consultation with the Book Running Lead Manager in accordance with the Book Building Process, and advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Pune Edition of Regional newspaper [●] where our registered office is situated at least two working days prior to the Bid/ Issue Opening date. The Issue Price shall be determined by our Company, in consultation with the Book Running Lead Manager in accordance with the Book Building Process after the Bid/ Issue Closing Date. Principal parties involved in the Book Building Process are:-

- 1) *Our Company;*
- 2) *The Book Running Lead Manager in this case being Hem Securities Limited,*
- 3) *The Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with BSE Ltd. and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the Book Running Lead Manager;*
- 4) *The Registrar to the Issue and;*
- 5) *The Designated Intermediaries and Sponsor bank*

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein allocation to the public shall be made as per Regulation 253 of the SEBI ICDR Regulations.

The Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company may in consultation with the BRLM allocate upto 60% of the QIB Portion

to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations (the “Anchor Investor Portion”), out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders may participate in the Issue through an ASBA process by providing details of their respective bank account which will be blocked by the SCSBs. All Bidders are mandatorily required to utilize the ASBA process to participate in the Issue. Under-subscription if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Issue. In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Issue Period and withdraw their Bids until the Bid/Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis.

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for Retail Portion where allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under – subscription, if any, in any category, would be allowed to be met with spill – over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors (except Anchor Investors) applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application. For details in this regards, specific attention are invited to the chapter titled “Issue Procedure” beginning on page 204 of the Draft Red Herring Prospectus.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

For further details on the method and procedure for Bidding, please see section entitled “Issue Procedure” on page 204 of this Draft Red Herring Prospectus.

Illustration of the Book Building and Price Discovery Process: Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Amount (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLM,

may finalize the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**Steps to be taken by the Bidders for Bidding:**

- 1) Check eligibility for making a Bid (see section titled “Issue Procedure” on page 204 of this Draft Red Herring Prospectus);
- 2) Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- 3) Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
- 4) Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.
- 5) Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

**Bid/ Issue Program:**

Event	Indicative Dates
Bid/ Issue Opening Date	[●] <sup>1</sup>
Bid/ Issue Closing Date	[●] <sup>2</sup>
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI ID linked bank account	[●]
Credit of Equity Shares to Demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

*Note-1 Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI ICDR Regulations*

*Note-2 Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/ Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bid Cum Application Forms and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (IST) during the Issue Period (except for the Bid/ Issue Closing Date). On the Bid/ Issue Closing Date, the Bid Cum Application Forms will be accepted only between 10.00 A.M. to 3.00 P.M. (IST) for retail and non-retail Bidders. The time for applying for Retail Individual Applicant on Bid/Issue Closing Date maybe extended in consultation with the BRLM, RTA and BSE SME taking into account the total number of applications received up to the closure of timings.

Due to the limitation of time available for uploading the Bid Cum Application Forms on the Bid/Issue Closing Date, Bidders are advised to submit their applications one (1) day prior to the Bid/ Issue Closing Date and, in any case, not later than 3.00 P.M. (IST) on the Bid/ Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bid Cum Application Forms are received on the Bid/Issue Closing Date, as is typically experienced in public Issue, some Bid Cum Application Forms may not get uploaded due to the lack of sufficient time. Such Bid Cum Application Forms that cannot be uploaded will not be considered for allocation under this Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the BRLM is liable for any failure in uploading the Bid Cum Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Applicants can revise or withdraw their Bid Cum Application Forms prior to the Bid/Issue Closing Date. Allocation to Retail Individual Applicants, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid Cum Application Form, for a particular Applicant, the details as per the file received from Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid Cum Application Form, for a particular ASBA Applicant, the Registrar to the Issue shall ask the relevant SCSBs/ RTAs / DPs / stock brokers, as the case may be, for the rectified data.

### **Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Issue at any time before the Bid/Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Bid/Issue Opening Date but before the allotment of Equity Shares, a public notice within 2 (two) working days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared and the Stock Exchange will also be informed promptly. The BRLM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within 1 (one) working Day from the day of receipt of such instruction.

If our Company withdraws the Issue after the Bid/Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will have to file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares issued through the Prospectus, which our Company will apply for only after Allotment; and (ii) the registration of Prospectus with RoC.

### **Underwriting**

The Company and the Book Running Lead Manager to the Issue hereby confirm that the Issue will be 100% Underwritten by the underwriter, Hem securities Limited.

Pursuant to the terms of the Underwriting Agreement dated August 07, 2023 entered into by Company, Underwriter, the obligations of the Underwriter are subject to certain conditions specified therein. The Details of the Underwriting commitments are as under:

<b>Details of the Underwriter</b>	<b>No. of shares underwritten</b>	<b>Amount Underwritten (₹ in Lakhs)</b>	<b>% of Total Issue Size Underwritten</b>
Hem Securities Limited Address: 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai 400013, India Tel No.: +91-22-4906 0000 Email: <a href="mailto:ib@hemsecurities.com">ib@hemsecurities.com</a> Investor Grievance Email: <a href="mailto:redressal@hemsecurities.com">redressal@hemsecurities.com</a> ; Website: <a href="http://www.hemsecurities.com">www.hemsecurities.com</a> ; Contact Person: Mr. Rohit Sharma SEBI Registration Number.: INM000010981	2160000	[●]	100%

*\*Includes [●] Equity Shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker, Hem Finlease Private Limited in its own account in order to claim compliance with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, 2018, as amended.*

In the opinion of the Board of Directors of our Company, the resources of the above mentioned Underwriter are sufficient to enable them to discharge their respective obligations in full.

### **Change in Auditors during the last three (3) years**

There have been no change in our Company's auditors in the last three (3) years.

#### **Details of the Market Making arrangement for this Issue**

Our Company and the BRLM has entered into Market Making Agreement dated August 07, 2023 with the following Market Maker, to fulfill the obligations of Market Making for this issue:

<b>Name</b>	Hem Finlease Private Limited
<b>Correspondence Address</b>	203, Jaipur Tower, M. I. Road, Jaipur, Rajasthan, 302001, India.
<b>Tel No.</b>	0141-4051000
<b>E-mail</b>	ib@hemsecurities.com
<b>Website</b>	www.hemsecurities.com
<b>Contact Person</b>	Ashok Soni
<b>SEBI Registration No.</b>	INZ000167734
<b>Market Maker Registration No.</b>	SMEMM0674109092020

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time.

Following is a summary of the key details pertaining to the Market making arrangement:

- The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of the BSE SME and SEBI from time to time.
- The minimum depth of the quote shall be ₹ 1,00,000/-. However, the investors with holdings of value less than ₹ 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME platform of BSE (in this case currently the minimum trading lot size is [●] equity shares; however the same may be changed by the SME platform of BSE from time to time).
- After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 25% of Issue Size would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing 2 way quotes.
- There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.
- Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
- There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
- The Market maker may also be present in the opening call auction, but there is no obligation on him to do so.

- There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market- for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- The Market Maker(s) shall have the right to terminate said arrangement by giving a six months' notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s) and execute a fresh arrangement.
- In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the BRLM to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations, 2018, as amended. Further our Company and the BRLM reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our office from 10.00 a.m. to 5.00 p.m. on working days.
- Risk containment measures and monitoring for Market Makers: BSE SME will have all margins, which are applicable on BSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- Punitive Action in case of default by Market Makers: SBE will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties/ fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties/ fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties/ fines/ suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.
- Price Band and Spreads: The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.
- Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the Issue size and as follows:

<b>Issue Size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)</b>	<b>Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)</b>
Up to ₹20 Crore	25%	24%
₹20 to ₹50 Crore	20%	19%
₹50 to ₹80 Crore	15%	14%
Above ₹80 Crore	12%	11%

The SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 250 Crores, the applicable price bands for the first day shall be:

- i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
- ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.

Additionally, the securities of the Company will be placed in SPOS and would remain in Trade for Trade settlement for first 10 days from commencement of trading. The following spread will be applicable on the SME platform.

<b>S. No.</b>	<b>Market Price Slab (in ₹)</b>	<b>Proposed Spread (in % to sale price)</b>
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.



**CAPITAL STRUCTURE**

Set forth below are the details of the Equity Share Capital of our Company as on the date of this Draft Red Herring Prospectus.

(₹ in Lakhs, except share data)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A	<b>Authorized Share Capital</b> 85,00,000 Equity Shares having Face Value of ₹ 10/- each	850.00	-
B	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Issue</b> 60,00,000 Equity Shares having Face Value of ₹10/- each	600.00	-
C	<b>Present Issue in terms of this Draft Red Herring Prospectus*</b> Upto 21,60,000 Equity Shares having Face Value of ₹ 10/-each at a price of ₹ [●] per share	216.00	[●]
	<i>Which comprises of:</i>		
D	<b>Reservation for Market Maker Portion</b> [●] Equity Shares of ₹10/- each at a price of ₹ [●] per Equity Share reserved as Market Maker Portion	[●]	[●]
E	<b>Net Issue to Public</b> Net Issue to Public of [●] Equity Shares of ₹10/- each at a price of ₹ [●] per Equity Share to the Public	[●]	[●]
F	<b>Issued, Subscribed and Paid-up Equity Share Capital after the Issue</b> [●] Equity Shares of face value of ₹10/- each		[●]
G	<b>Securities Premium Account</b>		
	Before the Issue (as on date of this Draft Red Herring Prospectus)		Nil
	After the Issue		[●]

\*The Present Issue of upto 21,60,000 Equity Shares in terms of this Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board of Directors dated July 24, 2023 and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Annual General Meeting of the members held on July 31, 2023.

**Classes of Shares:**

Our Company has only one class of share capital i.e. Equity Shares of face value of ₹ 10/- each only. All the issued Equity Shares are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

**NOTES TO THE CAPITAL STRUCTURE:**

**1. Changes in Authorized Equity Share Capital of our Company:**

Sr. No.	Particulars	Cumulative No. of Equity Shares	Face Value of Equity Share	Cumulative Authorized Share Capital ( ₹ in lakhs)	Date of Meeting	Whether AGM/ EGM
1	On incorporation	10,000	10/-	1.00	On Incorporation	N.A.
2	Increase in Authorized Share Capital from ₹1.00 Lakh to ₹850.00 Lakhs	85,00,000	10/-	850.00	May 30, 2023	EGM

**2. Equity Share Capital History of our Company:**

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

Date of Allotment of Equity Shares	No. of Equity Shares allotted	Face Value (₹)	Issue Price (including Premium if applicable) (₹)	Consideration Cash/ Other than Cash	Nature of Allotment	Cumulative No. of Equity Shares
Upon Incorporation	10,000	10/-	10/-	Cash	Subscription to MOA <sup>(i)</sup>	10,000
June 17, 2023	59,90,000	10/-	Nil	Nil	Bonus issue in the Ratio of 599:1 <sup>(ii)</sup>	60,00,000

All the above-mentioned shares are fully paid up since the date of allotment.

(i) Initial Subscribers to the Memorandum of Association subscribed 10,000 Equity Shares of Face Value of ₹ 10/- each, details of which are given below:

Sr. No.	Name of Subscribers	Number of Shares Subscribed
1	Laxmikant Sadashiv Kole	5000
2	Madhuri Laxmikant Kole	5000
	<b>Total</b>	<b>10000</b>

(ii) Bonus issue of 59,90,000 Equity Shares of Face Value of ₹ 10/-each in the ratio of 599:1 i.e. five hundred ninety nine (599) Bonus Equity Share for every One (1) Equity Shares held by shareholders.

Sr. No.	Name of Allottees	Number of Shares Allotted
1	Laxmikant Sadashiv Kole	29,95,000
2	Madhuri Laxmikant Kole	29,95,000
	<b>Total</b>	<b>59,90,000</b>

b) As on the date of this Draft Red Herring Prospectus, our Company does not have any Preference Share Capital.

3. Except as mentioned in point number 4 below, the Company has not issued any Equity Share in the last two years preceding the date of the Draft Red Herring Prospectus.

4. Issue of Equity Shares for consideration other than cash:

Except as set out below we have not issued Equity Shares for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reason of Allotment	Benefits Accrued to our Company	Name of Allottees	No. of Shares Allotted
June 17, 2023	59,90,000	10	Nil	Bonus Issue in the ratio of 599:1	Capitalization of Reserves & Surplus	Laxmikant Sadashiv Kole	29,95,000
						Madhuri Laxmikant Kole	29,95,000
						<b>TOTAL</b>	<b>59,90,000</b>

5. No Equity Shares have been allotted pursuant to any scheme approved under sections 230-234 of the Companies Act, 2013 or under the erstwhile corresponding provisions of the Companies Act, 1956.

6. Our Company has not issued any shares pursuant to an Employee Stock Option Scheme.

7. Except for bonus issue made on June 17, 2023, our Company has not issued Equity shares at price below the Issue price within last one year from the date of the Draft Red Herring Prospectus.

8. We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

9. Shareholding Pattern of the Company

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on the date of this Draft Red Herring Prospectus:

I - Our Shareholding Pattern:-

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*				No. of Shares Underlying Outstanding convertible	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a			No.	As a % of total Shares held (b)	No.	As a % of total Shares held (b)	
								Class	Class	Total								
I	II	III	IV	V	VI	VII = IV+V+VI	VIII	IX				X	XI=VII+X	XII	XIII	XIV		
(A)	Promoters & Promoter Group	7	60,00,000	-	-	60,00,000	100	60,00,000	-	60,00,000	100	-	100	-	-	-		
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

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	Emp. Trusts															
	<b>Total</b>	<b>7</b>	<b>60,00,000</b>	<b>-</b>	<b>-</b>	<b>60,00,000</b>	<b>100</b>	<b>60,00,000</b>	<b>-</b>	<b>60,00,000</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>

The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

*Notes:*

- (i) *As on date of this Draft Red Herring Prospectus 1 Equity share holds 1 vote.*
- (ii) *We have only one class of Equity Shares of face value of ₹ 10/- each.*
- (iii) *We are yet to enter into tripartite agreement with NSDL & CDSL*
- (iv) *Our Company will file the shareholding pattern in the form prescribed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, one day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the website of the BSE before commencement of trading of such Equity Shares.*

10. List of Shareholders of the Company holding 1% or more of the paid up Share Capital of the Company: -

a) As on the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders	Shares held (Face Value of ₹ 10 each)	% Pre Issue paid up Share Capital
1	Laxmikant Sadashiv Kole	30,00,000	50.00
2	Madhuri Laxmikant Kole	29,99,981	49.99
	<b>Total</b>	<b>59,99,981</b>	<b>99.99</b>

b) Ten days prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders	Shares held (Face Value of ₹ 10 each)	% Pre Issue paid up Share Capital
1	Laxmikant Sadashiv Kole	30,00,000	50.00
2	Madhuri Laxmikant Kole	29,99,981	49.99
	<b>Total</b>	<b>59,99,981</b>	<b>99.99</b>

c) One Year prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders*	Shares held (Face Value of ₹ 10 each)	% Pre Issue paid up Share Capital
1	Laxmikant Sadashiv Kole	5000	50.00
2	Madhuri Laxmikant Kole	5000	50.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

\*Details of shares held on September 04, 2022 and percentage held has been calculated based on the paid up capital of our Company as on September 04, 2022.

d) Two Years prior to the date of filing of this Draft Red Herring Prospectus:-

Sr. No.	Names of Shareholders*	Shares held (Face Value of ₹ 10 each)	% Pre Issue paid up Share Capital
1	Laxmikant Sadashiv Kole	5000	50.00
2	Madhuri Laxmikant Kole	5000	50.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

\*Details of shares held on September 04, 2021 and percentage held has been calculated based on the paid up capital of our Company as on September 04, 2021.

11. Our Company has not made any Initial Public Offer of specified securities in the preceding two years.

12. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares of our Company have been listed or application money unblocked on account of failure of Issue. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the offer, by way of split/ consolidation of the denomination of Equity Shares. However, our Company may further issue Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board of Directors may deem fit, if an opportunity of such nature is determined by the Board of Directors to be in the interest of our Company.

### 13. Capital Build-up in respect of Shareholding of our Promoters

As on the date of this Draft Red Herring Prospectus, Our Promoters Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole hold 59,99,986 Equity Shares of our Company. None of the Equity Shares held by our Promoters is subject to any pledge.

Set forth below is the build-up of the shareholding of our Promoters in our Company since incorporation.

Date of Allotment and made fully paid up/ Transfer	No. of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Transfer Price (₹)	Consideration	Nature of Issue	Pre-Issue Shareholding %	Post-Issue Shareholding %
<b>Laxmikant Sadashiv Kole</b>							
November 17, 2011	5,000	10	10	Cash	Subscription to MOA	0.08	[●]
April 22, 2014*	(2,550)	10	-	Cash	Sale by way of Transfer of Shares <sup>(a)</sup>	(0.04)	[●]
September 09, 2016*	2,550	10	-	Cash	Acquisition of Shares by way of transfer <sup>(b)</sup>	0.04	[●]
June 17, 2023	29,95,000	10	Nil	Nil	Issue of Bonus Shares in ratio of 599:1	49.92	[●]
<b>Total (A)</b>	<b>30,00,000</b>					<b>50.00</b>	<b>[●]</b>
<b>Madhuri Laxmikant Kole</b>							
November 17, 2011	5000	10	10	Cash	Subscription to MOA	0.08	[●]
April 22, 2014*	(2,550)	10	-	Cash	Sale by way of Transfer of Shares <sup>(c)</sup>	(0.04)	[●]
September 09, 2016*	2,550	10	-	Cash	Acquisition of Shares by way of transfer <sup>(d)</sup>	0.04	[●]
June 17, 2023	29,95,000	10	Nil	Nil	Issue of Bonus Shares in ratio of 599:1	49.92	[●]
June 20, 2023	(19)	10	10	Cash	Sale by way of Transfer of Shares <sup>(e)</sup>	Negligible	[●]
<b>Total (B)</b>	<b>29,99,981</b>					<b>49.99</b>	<b>[●]</b>
<b>Shrinivas Laxmikant Kole</b>							
June 20, 2023	5	10	10	Cash	Acquisition of Shares by way of transfer <sup>(f)</sup>	Negligible	[●]
<b>Total (C)</b>	<b>5</b>					<b>Negligible</b>	<b>[●]</b>
<b>GRAND TOTAL</b>	<b>59,99,986</b>					<b>99.99</b>	<b>[●]</b>

Note: None of the Shares has been pledged by our Promoters.

\*The company is not in possession of the transfer deed, however the above details have been ascertained from the other corporate records available with the Company.

(a) Transfer of shares by Laxmikant Sadashiv Kole of 2550 Equity Shares dated April 22, 2014.

Sr. No.	Date of Transfer	Name of Transferee	No. of Share Transfer
1	April 22, 2014	Kiran Sakharam Naiknaware	1700
		Chandrakant Sudam Gaikwad	850
		<b>Total</b>	<b>2,550</b>

(b) Acquisition of Shares by Laxmikant Sadashiv Kole of 2550 Equity Shares dated September 09, 2016.

Sr. No.	Date of Transfer	Name of Transferor	No. of Share Transfer
1	September 09, 2016	Kiran Sakharam Naiknaware	1700

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		Chandrakant Sudam Gaikwad	850
		<b>Total</b>	<b>2,550</b>

(c) Details of Transfer of shares by Madhuri Laxmikant Kole of 2550 Equity Shares dated April 22, 2014.

Sr. No.	Date of Transfer	Name of Transferee	No. of Share Transfer
1	April 22, 2014	Rahul Sakharam Naiknaware	1700
		Chandrakant Sudam Gaikwad	850
		<b>Total</b>	<b>2,550</b>

(d) Details of Acquisition of Shares by Madhuri Laxmikant Kole of 2550 Equity Shares dated September 09, 2016.

Sr. No.	Date of Transfer	Name of Transferor	No. of Share Transfer
1	September 09, 2016	Rahul Sakharam Naiknaware	1700
		Chandrakant Sudam Gaikwad	850
		<b>Total</b>	<b>2,550</b>

(e) Details of Transfer of shares by Madhuri Laxmikant Kole of 19 Equity Shares dated June 20, 2023

Sr. No.	Date of Transfer	Name of Transferee	No. of Share Transfer
1	June 20, 2023	Shrinivas Laxmikant Kole	5
		Sakshi Nitin Uttarwar	5
		Arnav Laxmikant Kole	5
		Mangesh Balaji Mahajan	2
		Kishor Mahadeo Komti	2
		<b>Total</b>	<b>19</b>

(f) Details of Acquisition of Shares by Shrinivas Laxmikant Kole of 5 Equity Shares dated June 20, 2023.

Sr. No.	Date of Transfer	Name of Transferor	No. of Share Transfer
1	June 20, 2023	Madhuri Laxmikant Kole	5
		<b>Total</b>	<b>5</b>

14. The average cost of acquisition or subscription of shares by our Promoters is set forth in the table below:

Sr. No.	Name of the Promoters	No. of Shares held	Average cost of Acquisition (in ₹)
1	Laxmikant Sadashiv Kole	30,00,000	0.02
2	Madhuri Laxmikant Kole	29,99,981	0.02
3	Shrinivas Laxmikant Kole	5	10

15. Shareholding of Promoters & Promoter Group

Following are the details of pre and post Issue shareholding of persons belonging to the category “Promoters and Promoter Group”:

Sr. No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoters (A)</b>				
1	Laxmikant Sadashiv Kole	30,00,000	50.00	30,00,000	[●]
2	Madhuri Laxmikant Kole	29,99,981	49.99	29,99,981	[●]
3	Shrinivas Laxmikant Kole	5	negligible	5	[●]
	<b>Sub Total (A)</b>	<b>59,99,986</b>	<b>100.00</b>	<b>59,99,986</b>	<b>[●]</b>
	<b>Promoter Group (B)</b>				
4	Sakshi Nitin Uttarwar	5	negligible	5	[●]
5	Arnav Laxmikant Kole	5	negligible	5	[●]
6	Mangesh Balaji Mahajan	2	negligible	2	[●]

7	Kishor Mahadeo Komti	2	negligible	2	[●]
	<b>Sub Total (B)</b>	<b>14</b>	negligible	<b>14</b>	[●]
	<b>Total (A) + (B)</b>	<b>60,00,000</b>	<b>100.00</b>	<b>60,00,000</b>	[●]

16. Except as provided below, no Equity Shares were acquired/ purchased/ sold by the Promoters and Promoter Group, Directors and their immediate relatives within six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

Date of Allotment/ Transfer	Name of Shareholder	No. of Equity Share	% of Pre issue Capital	Allotment/ Acquire/ Transfer	Category of Allottees (Promoters/ Promoter Group/ Director)
June 17, 2023	Laxmikant Sadashiv Kole	29,95,000	50.00	Bonus Issue of Shares	Promoter & Director
	Madhuri Laxmikant Kole	29,95,000	50.00		Promoter & Director
June 20, 2023	Madhuri Laxmikant Kole	(19)	negligible	Transfer of Shares	Promoter & Director
June 20, 2023	Shrinivas Laxmikant Kole	5	negligible	Acquisition of Shares	Promoter & Director
	Sakshi Nitin Uttarwar	5	negligible		Promoter Group
	Arnav Laxmikant Kole	5	negligible		Promoter Group
	Mangesh Balaji Mahajan	2	negligible		Promoter Group
	Kishor Mahadeo Komti	2	negligible		Promoter Group

17. None of our Promoters, Promoter Group, our Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

#### 18. Details of Promoters' Contribution Locked-in for Three Years

Pursuant to Regulation 236 and 238 of SEBI (ICDR) Regulations, 2018, an aggregate of 20.00% of the post issue capital held by our Promoters shall be considered as Promoter's Contribution ("Promoters Contribution") and shall be locked-in for a period of three years from the date of allotment of Equity shares issued pursuant to this Issue. The lock in of Promoter's Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 59,99,986 Equity Shares constituting 73.53% of the Post-Issued, subscribed and paid up Equity Share Capital of our Company, which are eligible for the Promoters' contribution.

Our Promoters, Laxmikant Sadashiv Kole and Madhuri Laxmikant Kole have given written consent to include 16,50,000 Equity Shares held by them and subscribed by them as part of Promoters Contribution constituting 20.22% of the post issue Equity Shares of our Company. Further, they have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters contribution, for a period of three years from the date of allotment in the Issue.

Date of Allotment/ Transfer and made fully Paid Up	No. of Equity Shares locked-in	Face Value Per Share (₹)	Issue/ Acquisition/ Transfer Price (₹)	Nature of transaction	Post-Issue Shareholding %	Lock in Period
<b>Laxmikant Sadashiv Kole</b>						
June 17, 2023	8,25,000	10	Nil	Bonus Issue	[●]	3 years
<b>Madhuri Laxmikant Kole</b>						
June 17, 2023	8,25,000	10	Nil	Bonus Issue	[●]	3 years



The minimum Promoter’s contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as “Promoter” under the SEBI (ICDR) Regulations. All Equity Shares, which are being locked in are not ineligible for computation of Minimum Promoters Contribution as per Regulation 237 of the SEBI (ICDR) Regulations and are being locked in for 3 years as per Regulation 238(a) of the SEBI (ICDR) Regulations i.e. for a period of three years from the date of allotment of Equity Shares in this issue.

The entire pre-issue shareholding of the Promoters and Promoter Group, other than the Minimum Promoters contribution which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Issue.

**Eligibility of Share for “Minimum Promoters Contribution in terms of clauses of Regulation 237(1) of SEBI (ICDR) Regulations, 2018**

<b>Reg. No.</b>	<b>Promoters’ Minimum Contribution Conditions</b>	<b>Eligibility Status of Equity Shares forming part of Promoter’s Contribution</b>
237(1) (a) (i)	Specified securities acquired during the preceding three years, if they are acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction	The minimum Promoter’s contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237 (1) (a) (ii)	Specified securities acquired during the preceding three years, resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum promoters’ contribution	The minimum Promoter’s contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237 (1) (b)	Specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer	The minimum Promoter’s contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>
237(1) (c)	Specified securities allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management: Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible	The minimum Promoter’s contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>
237 (1) (d)	Specified securities pledged with any creditor.	Our Promoters have not Pledged any shares with any creditors. Accordingly, the minimum Promoter’s contribution does not consist of such Equity Shares. <b>Hence Eligible.</b>

**Details of Promoters’ Contribution Locked-in for One Year**

In terms of Regulation 238(b) and 239 of the SEBI (ICDR) Regulations, 2018, in addition to the Minimum Promoters contribution which is locked in for three years, as specified above, the remaining pre-issue equity share capital constituting 43,50,000 Equity Shares shall be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, the Equity Shares which are subject to lock-in shall carry inscription ‘non-transferable’ along with the Ratio of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

**Other requirements in respect of lock-in:**

- i. In terms of Regulation 242 of the SEBI (ICDR) Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution or a systemically important non-banking finance company or a housing finance company as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter's contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
  - ii. In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 239 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
  - iii. Further in terms of Regulation 243 of the SEBI (ICDR) Regulations, the specified securities held by the promoters and locked-in as per regulation 238 may be transferred to another promoters or any person of the Promoter Group or a new promoters or a person in control of the issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
19. Neither, we nor our Promoters, Directors and the BRLM to this Issue have entered into any buyback and/ or standby arrangements and/ or similar arrangements for the purchase of our Equity Shares from any person.
  20. As on the date of this Draft Red Herring Prospectus, the entire Issued Share, Subscribed and Paid-up Share Capital of our Company is fully paid up. Since the entire issue price in respect of the issue is payable on application, all the successful applicants will be allotted fully paid up Equity Shares.
  21. The BRLM i.e. Hem Securities Limited and their associates do not hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus.
  22. As on the date of this Draft Red Herring Prospectus, we do not have any Employees Stock Option Scheme/ Employees Stock Purchase Scheme and we do not intend to allot any shares to our employees under Employee Stock Option Scheme/ Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
  23. We have 7 (Seven) shareholders as on the date of filing of this Draft Red Herring Prospectus.
  24. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or any shareholders or any other person any option to acquire our Equity Shares after this Initial Public Offer
  25. Our Company has not raised any bridge loan against the proceeds of the Issue.
  26. As on the date of this Draft Red Herring Prospectus, none of the shares held by our Promoters/ Promoter Group are subject to any pledge.
  27. We here by confirm that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares offered have been listed or application money unblocked on account of failure of Issue.
  28. An over-subscription to the extent of 1% of the Issue, can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 1% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to 3 year lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
  29. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and

guidelines. Under-subscription, if any, in the QIB Category will not be allowed to be met with spill over from any category or combination thereof.

30. In case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 253 of SEBI (ICDR) Regulations, 2018 and its amendments from time to time.
31. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
32. Our Company shall comply with such disclosure and accounting norms as may be specified by the designated stock exchange, SEBI and other regulatory authorities from time to time.
33. There are no Equity Shares against which depository receipts have been issued.
34. Other than the Equity Shares, there is no other class of securities issued by our Company.
35. There are no safety net arrangements for this public issue.
36. As per RBI regulations, OCBs are not allowed to participate in this issue.
37. Our Promoters and Promoter Group will not participate in this Issue.
38. This Issue is being made through Book Building Method.
39. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Issue is being made for at least 25% of the post-issue paid-up Equity Share capital of our Company. Further, this Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
40. No person connected with the Issue shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.

We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of filing the Prospectus with the Registrar of companies and the Bid/Issue Closing Date are reported to the Stock Exchanges within 24 hours of such transactions being completed.

**OBJECTS OF THE ISSUE**

The Issue includes a fresh Issue of up to 21,60,000 Equity Shares of our Company at an Issue Price of Rs. [●] per Equity Share. We intend to utilize the proceeds of the Issue to meet the following objects: -

- 1) Funding Capital Expenditure towards installation of additional plant and machinery.;
- 2) To meet working capital requirements;
- 3) General Corporate Purpose.

(Collectively referred as the “Objects”)

We believe that listing will enhance our corporate image and visibility of brand name of our Company. We also believe that our Company will receive the benefits from listing of Equity Shares on the BSE SME Platform. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

Our Company, an ISO 9001-2015 certified company, is engaged in the business of manufacturing of ready to assemble valve components catering to manufacturing of the valves which are used in different industries and in different size depending on the customer’s specifications. We manufacture and supply various types of valve components which are used in manufacturing of ball valves, butterfly valves and other valve including forging products. Our valve components are used to manufacture valves which serve industries which are in different sectors. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

**Net Proceeds**

The details of the Net Proceeds are set forth below:

<b>Particulars</b>	<b>Amt (Rs. in Lacs)</b>
Gross Proceeds of the Issue	[●]
Less: Issue related expenses in relation to Issue*	[●]
<b>Net Proceeds</b>	<b>[●]</b>

*\*To be finalized upon determination of the Issue Price and updated in the Prospectus Prior to filing with the RoC.*

**Requirement of Funds and Utilization of Net Proceeds**

The Net Proceeds are proposed to be used in accordance with the details as set forth below:

<b>S. No</b>	<b>Particulars</b>	<b>Amt (Rs. in Lacs)</b>
1	Funding Capital Expenditure towards installation of additional plant and machinery.	769.66
2	To meet working capital requirements	[●]
3	General Corporate Purpose**	[●]
	<b>Total</b>	<b>[●]</b>

*\*\*To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

**Means of Finance**

We intend to finance our Objects of Issue through Net Issue Proceeds which is as follows:

<b>Particulars</b>	<b>Amt (Rs. in Lacs)</b>
Net Issue Proceeds	[●]
<b>Total</b>	<b>[●]</b>

Since, the entire fund requirement are to be funded from the proceeds of the Issue, there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

As we operate in competitive environment, our Company may have to revise its business plan from time to time and consequently our fund requirements may also change. Our Company's historical expenditure may not be reflective of our future expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to various factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company's management.

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 22 of this Draft Red Herring Prospectus.

#### **Details of Utilization of Net Proceeds**

The details of utilization of the Net Proceeds are set forth herein below:

##### **1. Funding Capital Expenditure towards installation of additional plant and machinery.**

We are currently expanding our manufacturing facility by setting up a new plant at Plot No. PAP-B-130, Chakan Industrial Area, Ph-II, Bhamboli, Pune and expanding our existing machineries at Plot No - PAP B 31 Chakan MIDC, Pune. The proposed facility will be equipped with heating and forging machineries and is proposed to be commissioned during the year F.Y. 2023. Further, our Company also intends to transfer the existing forging and heating facilities from our existing facility which has been taken on rent i.e. Plot No: 306, Sector:10, PCNTDA, Bhosari, Pune -411026 to the above mentioned location.

Our Company has acquired the land and has been carrying the building construction work from its internal accruals.

A detailed breakup of estimated cost towards purchase of machineries, equipment's and utilities which are proposed to be funded from the net issue proceeds is set forth below:

**Location** - Plot No. PAP-B-130, Chakan Industrial Area, Ph-II, Bhamboli, Pune

S. No.	Machinery details	Qty.	Quotation details	Quotation amt.
				(In Rs. Lakhs)
1	3 Ton Drop Hammer with Steel Casted Columns Pull Cord-Operated	1	Quotation dated August 30, 2023 from N.K.H Machine Tools, Ludhiana valid for 30 days.	109.74
2	Advance digital controlled induction billet heater based solid state power supply unit 250KW /3KHz	1	Quotation dated August 10, 2023 from Plasma Induction (India) Pvt Ltd, Pune valid for 30 days	41.25
3	400 ton power press, pillar type steel fabricated mechanically controlled	1	Quotation dated August 30, 2023 from Gurman Machine Tools Pvt Ltd; Ludhiana valid for 30 days	30.68
4	H.T. & L.T. electrical work for new HT Connection including fees, metering kiosk, HT ring main unit, HT fix type VCB and transformer. Supply and installation of ACB, cable and transformer	-	Estimation dated August 12, 2023 from Classic Electrical; Pune valid for 30 days	58.93

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5	Solar Roof Top System – On-grid System for 200 (kW)	1	Quotation dated August 30, 2023 from AARA Solar Roof Top Systems; Pune valid for 30 days	88.72
6	Continuous oil-fired pusher type furnace with electrical control panne 600kg/hour	1	Quotation dated August 16, 2023 from Ashwini Engineering, Pune.	15.93
7	Continuous oil-fired solution annealing furnace with hydraulic pusher, overhead extractor, tray transfer conveyor, electrical control panel.	1	Quotation dated August 16, 2023 from Ashwini Engineering, Pune.	41.89
<b>TOTAL</b>				<b>387.14</b>

**Location** - Plot No - PAP B 31 Chakan MIDC, Pune

S. No.	Machinery details	Qty.	Quotation/Purchase order details	Quotation amt.	Advance Paid	Balance to be funded from IPO
				(In Rs. Lakhs)		
1	Solar Roof Top System – Design, Engineering, Supply, Installation and Commissioning of 250 KW ON-Grid Solar Roof Top PV system.	1	The company has placed the order for this vide an order acknowledgement dated July 22, 2023 to Aara Energy Innovations Pvt. Ltd., Pune.	105.01	10.50	94.51
2	Micromatic make Heavy Duty Precision Universal Cylindrical Grinding Machine	1	The company has placed the order for this vide an order acknowledgement dated July 11, 2023 to Micromatic Grinding Technologies Pvt. Ltd, Ghaziabad.	38.94	4.95	33.99
3	5 Axis Machine – Model - INTEGREGX i-200H	1	Quotation dated August 30, 2023 from Yamazaki Mazak Singapore Pte. Ltd; Singapore valid for 1 month for 378.94 JPY.	254.02	-	254.02
<b>TOTAL</b>				<b>397.97</b>	<b>15.45</b>	<b>382.52</b>
<b>GRAND TOTAL</b>				<b>785.11</b>	<b>15.45</b>	<b>769.66</b>

(Source – (1 JPY = 0.5681 INR) [www.xe.com](http://www.xe.com) dated September 01, 2023)

**Notes:**

- We have considered the above quotations for the budgetary estimate purpose and have not placed orders for them. The actual cost of procurement and actual supplier/dealer may vary.
- All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machineries/equipment's or at the same costs.
- The machinery/equipment models and quantity to be purchased are based on the present estimates of our management. The Management shall have the flexibility to revise such estimates (including but not limited to change of machinery or vendor or addition/deletion of any machinery) at the time of actual placement of the order. In such case, the Management can utilize the surplus of proceeds, if any, arising at the time of actual placement of the order, to meet the cost of such other machinery, equipment's or utilities, as required for manufacturing. Furthermore, if any surplus from the proceeds remains after meeting the total cost of machineries, equipment's and utilities for the aforesaid purpose, the same will be used for our general corporate purposes, subject to limit of 25% of the amount raised by our Company through this Issue.
- We are not acquiring any second hand machinery.
- The quotations relied upon by us in arriving at the above cost are valid for a specific period of time and may lapse after the expiry of the said period. Consequent upon which, there could be a possible escalation in the cost of machineries proposed to be acquired by us at the actual time of purchase, resulting in increase in the project cost.

Further, cost can be escalated on account of freight expenses, installation charges, packaging & forwarding, custom duty etc. Such cost escalation would be met out of either of surplus portion of net issue proceeds (if any) or our internal accruals. All amounts are inclusive of taxes.

## 2. To Meet Working Capital Requirements

Our business is working capital intensive as the major capital is invested in inventories and trade receivables. The Company will meet the requirement to the extent of Rs. [●] from the Net Proceeds of the Issue and balance from internal accruals and borrowings at an appropriate time as per the requirement.

Details of Estimation of Working Capital requirement are as follows:

Sr. No.	Particulars	Actual			Estimated
		31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
I	<b>Current Assets</b>				
	Trade receivables	722.83	1,483.77	1,792.53	2442.12
	Cash and Cash equivalents	1.17	134.41	159.32	209.67
	Inventories	333.24	624.81	838.43	1,109.55
	Short Term Loans & Advances	100.34	294.08	459.45	719.43
	Other current assets	68.22	22.53	7.18	5.83
	<b>Total(A)</b>	<b>1225.80</b>	<b>2559.59</b>	<b>3256.91</b>	<b>4486.60</b>
II	<b>Current Liabilities</b>				
	Trade payables	279.89	818.04	947.61	620.43
	Other current liabilities	12.09	15.58	65.23	88.65
	Short-term provisions	67.83	158.28	325.34	432.96
	<b>Total (B)</b>	<b>359.81</b>	<b>991.90</b>	<b>1338.17</b>	<b>1142.04</b>
III	<b>Total Working Capital Gap (A-B)</b>	<b>865.99</b>	<b>1567.69</b>	<b>1918.74</b>	<b>3344.56</b>
IV	Funding Pattern				
	Borrowings				
	Internal accruals	865.99	1567.69	1918.74	[●]
	<b>IPO Proceeds</b>				<b>[●]</b>

Key assumptions for working capital projections made by Our Company:

Particulars	31-03-2021	31-03-2022	31-03-2023	31-03-2024
Debtors (in days)	82	104	96	96
Creditors (in days)	39	74	82	57
Inventories (in days)	38	45	43	44

Justification:

Sr. No.	Particulars
<b>Debtors</b>	Our Company's general credit terms vary across type of customers. We expect our Average Debtors holdings to be around 96 days for FY 2023-24, as compared to 96 days in FY 2022-23. 104 days in FY 2021-22 and 82 days in FY 2020-21. In order to increase the turnover, we expect to maintain the debtors collection period in the range of 105-115 days.
<b>Creditors</b>	Our Average Creditors payments days for the FY 2020-21 were 39 days, for FY 2021-22 were 74 days and for FY 2022-23 were 82 days and we expect to maintain it at around 57 days for FY 2023-24.
<b>Inventories</b>	Inventory levels are maintained by our Company depending upon the demand, production and delivery schedules. We have assumed Average Inventories turnover days to be around 44 days for FY 2023-24 as compared to 43 days in FY 2022-23. 45 days in FY 2021-22 and 38 days in FY 2020-21. Our inventories are significant and are expected to grow in line with the growth in our business.

## 3. General Corporate Purpose

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to deploy the balance Fresh Issue proceeds aggregating Rs. [●] towards the general corporate purposes to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in applying the remaining Net Proceeds, for general corporate purpose including but not restricted to, meeting operating expenses, initial development costs for projects other than the identified projects, and the strengthening of our business development and marketing capabilities, meeting exigencies,

which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act, 2013.

We confirm that any issue related expenses shall not be considered as a part of General Corporate Purpose. Further in case, our actual issue expenses turn to be lesser than the estimated issue expenses of Rs. [●] lakhs, such surplus amount shall be utilized for General Corporate Purpose in such a manner that the amount for general corporate purposes, as mentioned in the Prospectus, shall not exceed 25% of the amount raised by our Company through this Issue.

**Public Issue Expenses**

The total estimated Issue Expenses are Rs. [●], which is [●] % of the total Issue Size. The details of the Issue Expenses are tabulated below:

Activity	(Rs. in Lakh)*	As a % of Estimates Issue Expenses	As a % of Issue Size
Lead Manger Fees	[●]	[●]	[●]
Fees Payable to Registrar to the Issue	[●]	[●]	[●]
Fees Payable for Advertising and Publishing Expenses	[●]	[●]	[●]
Fees Payable to Regulators including Stock Exchange	[●]	[●]	[●]
Payment for Printing & Stationery, Postage, etc.	[●]	[●]	[●]
Fees Payable to Auditor, Legal Advisors and other Professionals	[●]	[●]	[●]
Others (Fees payable for Marketing & distribution expenses, Selling Commission, Brokerage, Processing Fees*, Underwriting fees and Miscellaneous Expenses)	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalized and incorporated in the Prospectus on determination of Issue Price. Issue expenses include applicable taxes, where applicable. Issue expenses are estimates and are subject to change.

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Investors. Non-Institutional Investors, which are directly procured by the SCSBs, would be as follows-

Portion for Retail Individual Applicants*	0.10% of the Amount Allotted* (plus applicable taxes)
Portion for Non- Institutional Applicants*	0.10% of the Amount Allotted* (plus applicable taxes)

\*Amount allotted is the product of the number of Equity Shares Allotted and the Issue Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of stock exchange.

<sup>(3)</sup> No uploading/ processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Applicants and Non-Institutional Applicants which are procured by the members of the Syndicate/ sub-Syndicate/ Registered Broker/ CRTAs/CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Applicants	₹10 per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Applicants	₹10 per valid Bid cum Application Form (plus applicable taxes)

Notwithstanding anything contained above the total processing fee payable under this clause will not exceed ₹1 lakh (plus applicable taxes) and in case if the total processing fees exceeds ₹1 lakh (plus applicable taxes) then processing fees will be paid on pro-rata basis.

<sup>(4)</sup> The processing fees for applications made by Retail Individual Applicants using the UPI Mechanism would be as follows:

Members of the Syndicate/ RTAs/ CDPs (uploading charges)	₹ 10 per valid application (plus applicable taxes)
Sponsor Bank	₹ 7 per valid Bid cum Application Form*(plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.

\*For each valid application by respective Sponsor Bank

Notwithstanding anything contained above in this clause the total Uploading charges/ Processing fees payable to Members of the Syndicate/ RTAs/ CDPs for applications made by RIIs (up to ₹200,000), Non-Institutional Applicants (for an amount more than ₹ 200,000 and up to ₹ 500,000) using the UPI Mechanism and in case if the total uploading charges/ processing fees exceeds Rs 1 lakh (plus applicable taxes) then uploading charges/ processing fees using UPI Mechanism will be paid on pro-rata basis.

<sup>(5)</sup> Selling commission on the portion for Retail Individual Applicants and Non-Institutional Applicants which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs or for using 3-in-1 type



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accounts-linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Applicants*	0.10% of the Amount Allotted* (plus applicable taxes)
Portion for Non- Institutional Applicants*	0.10% of the Amount Allotted* (plus applicable taxes)

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

Uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the applications made by RIBs using 3-in-1 accounts and Non-Institutional Applicants which are procured by them and submitted to SCSB for blocking or using 3-in-1 accounts, would be as follows: ₹10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

Bidding charges payable to the Registered Brokers, CRTAs/ CDPs on the portion for RIBs and Non-Institutional Applicants which are directly procured by the Registered Brokers or CRTAs or CDPs and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Applicants	₹10 per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Applicants	₹10 per valid Bid cum Application Form (plus applicable taxes)

\* Based on valid applications

Notwithstanding anything contained above the total uploading/ bidding charges payable under this clause will not exceed Rs.1 lakh (plus applicable taxes) and incase if the total uploading/ bidding charges exceeds Rs 1 lakh (plus applicable taxes) then uploading charges will be paid on pro-rata basis.

The Selling Commission payable to the Syndicate/ Sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the application is also bid by the respective Syndicate/ Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate/ Sub-Syndicate Member. Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the portion for RIBs and Non-Institutional Applicants which are procured by them and submitted to SCSB for blocking, would be as follows: ₹10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE.

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and/or Escrow and Sponsor Bank Agreement. Further, the processing fees for applications made by UPI Applicants using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

**Proposed Schedule of Implementation:**

The proposed year wise break up of deployment of funds and Schedule of Implementation of Net Issue Proceeds is as under:

(Rs. In Lakhs)

S. No.	Particulars	Amount to be deployed and utilized in F.Y. 2023-24
1	Funding Capital Expenditure towards installation of additional plant and machinery.	769.66
2	To meet working capital requirements	[●]
3	General Corporate Purpose**	[●]
	<b>Total</b>	[●]

**Funds Deployed and Source of Funds Deployed:**

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

Particulars	Amt (Rs. in Lakh)
Issue Expenses	[●]
<b>Total</b>	[●]

**Sources of Financing for the Funds Deployed:**

[●], Chartered Accountants vide their certificate dated [●] have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

<b>Particulars</b>	<b>Amt (Rs. in Lakh)</b>
Issue Expenses	[●]
<b>Total</b>	<b>[●]</b>

### **Appraisal**

None of the Objects have been appraised by any bank or financial institution or any other independent third-party organization. The funding requirements of our Company and the deployment of the proceeds of the Issue are currently based on available quotations and management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including but not limited to variations in interest rate structures, changes in our financial condition and current commercial conditions of our Business and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

### **Shortfall of Funds**

Any shortfall in meeting the fund requirements will be met by way of internal accruals and or unsecured Loans.

### **Bridge Financing Facilities**

As on the date of the Draft Red Herring Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

### **Monitoring Utilization of Funds**

As the size of the Issue will not exceed Rs.10,000 Lakhs, the appointment of Monitoring Agency would not be required as per Regulation 262(1) of the SEBI ICDR Regulations. Our Board and the management will monitor the utilization of the Net Issue Proceeds through our audit committee. Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall on half-yearly basis disclose to the Audit Committee the Application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full.

### **Interim Use of Proceeds**

Pending utilization of the Issue proceeds of the Issue for the purposes described above, our Company will deposit the Net Proceeds with scheduled commercial banks included in schedule II of the RBI Act.

Our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any listed company or for any investment in the equity markets or investing in any real estate product or real estate linked products.

### **Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules there under. As per the current provisions of the Companies Act, our Promoters or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

### **Other confirmations**

There are no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel, in relation to the utilization of the Net Proceeds. No part of the Net Proceeds will be paid by us as consideration to our Promoters, our Directors or key managerial personnel except in the normal course of business and in compliance with the applicable laws.

**BASIS FOR ISSUE PRICE**

Investors should read the following summary with the section titled “Risk Factors”, the details about our Company under the section titled “Our Business” and its financial statements under the section titled “Financial Information of the Company” beginning on page 22, 84 and 122 respectively of the Draft Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10.00 each and the Issue Price is ₹ [●] times of the face value.

**QUALITATIVE FACTORS**

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

- a) Integrated manufacturing capabilities;
- b) Experienced Management team;
- c) Diversified range of products;
- d) Long Standing Relationship with key Customers & Suppliers ;
- e) Quality Assurance and Standards.

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “Our Business” beginning on page 84 of this Draft Red Herring Prospectus.

**QUANTITATIVE FACTORS**

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled “Financial Information of the Company” on page 122 of this Draft Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

**1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):**

As per the Restated Financial Statements:-

Sr. No	F.Y./Period	Basic & Diluted (₹)	Weights
1.	Financial Year ending March 31, 2023	10.79	3
2.	Financial Year ending March 31, 2022	2.56	2
3.	Financial Year ending March 31, 2021	(0.05)	1
	<b>Weighted Average</b>	<b>6.24</b>	

- The figures disclosed above are based on the Restated Financial Statements of the Company.
- The face value of each Equity Share is ₹10.00.
- Earnings per Share has been calculated in accordance with Accounting Standard 20 – “Earnings per Share” issued by the Institute of Chartered Accountants of India.
- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
- Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
- Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.

**2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share of Face Value of ₹ 10/- each fully paid up:**

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2023	[●]	[●]

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P/E ratio based on the Weighted Average EPS, as restated.	[●]	[●]
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There are no listed companies in India that are engaged in a business similar to that of our company accordingly it is not possible to provide an industry comparison in relation to our company.

### Note:

- i. The P/E ratio of our Company has been computed by dividing Issue Price with EPS.

### 3. Return on Net worth (RoNW)

Sr. No	Period	RONW (%)	Weights
1	Period ending March 31, 2023	81.60%	3
2	Period ending March 31, 2022	106.10%	2
3	Period ending March 31, 2021	29.64%	1
	<b>Weighted Average</b>	<b>81.11%</b>	<b>6</b>

### Note:

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. The RoNW has been computed by dividing restated net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year/period
- iii. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

### 4. Net Asset Value (NAV) per Equity Share:

Sr. No.	NAV per Equity Share	(Amount in ₹)
1	As at March 31, 2023	13.23
2	As at March 31, 2022	2.41
3	As at March 31, 2021	(0.18)
5	NAV per Equity Share after the Issue	
	<b>(i) At Floor Price</b>	[●]
	<b>(ii) At Cap Price</b>	[●]
6	Issue Price	[●]

\*The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year/period.

### Notes:

- i. The figures disclosed above are based on the Restated Financial Statements of the Company.
- ii. NAV per share = Restated Net worth at the end of the year/period divided by weighted average number of equity shares outstanding at the end of the year/period
- iii. Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.
- iv. Issue Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.

### 5. Comparison of Accounting Ratios with Industry Peers

(₹ In lakhs)

Name of Company	Current Market Price (₹)	Face Value	EPS		PE	RoNW (%)	Book Value (₹)	Total Income (₹ In lakhs)
			Basic	Diluted				
Shri Balaji Valve Component Limited	[●]	10	10.79	10.79	[●]	81.60	13.23	6299.1

### Notes:

- i. There are no listed companies in India that are engaged in a business similar to that of our company accordingly it is not possible to provide an industry comparison in relation to our company.
- ii. The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the Financial Year 2022-23.

- iii. NAV per share is computed as the closing net worth divided by the weighted average number of paid up equity shares as on March 31, 2023.
- iv. RoNW has been computed as net profit after tax divided by closing net worth.
- v. Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- vi. The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Issue price is [●] times the face value of equity share.

## 6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs herein have been certified by Kishor Gujar & Associates., Chartered Accountants, by their certificate dated August 09, 2023.

The KPIs of our Company have been disclosed in the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators” on pages 84 and 165, respectively. We have described and defined the KPIs as applicable in “Definitions and Abbreviations” on page 1.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

### Key Performance Indicators of our Company

(All amounts in Rs. Lakhs)

Key Financial Performance	For the year		
	31-Mar-23	31-Mar-22	31-Mar-21
Revenue from operations <sup>(1)</sup>	6232.33	3882.91	1607.11
EBITDA <sup>(2)</sup>	1101.75	270.81	32.57
EBITDA Margin <sup>(3)</sup>	17.68	6.97	2.03
PAT	647.60	153.47	(3.22)
PAT Margin <sup>(4)</sup>	10.39	3.95	-
Networth <sup>(5)</sup>	793.60	144.64	(10.85)
RoNW(%) <sup>(6)</sup>	81.60	106.10	-
RoCE (%) <sup>(7)</sup>	26.59	8.17	1.01

#### Notes:

(1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements

(2) EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses - Other Income

(3) ‘EBITDA Margin’ is calculated as EBITDA divided by Revenue from Operations

(4) ‘PAT Margin’ is calculated as PAT for the period/year divided by revenue from operations.

(5) Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company.

(6) Return on Net Worth is ratio of Profit after Tax and Net Worth.

(7) Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders’ equity plus total borrowings {current & non-current}.

#### Explanation for KPI metrics:

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.

Networth	Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company which represent the value of shareholder's fund.
RoNW (%)	RoNW provides how efficiently our Company generates profits from shareholders' funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

**Set forth below are the details of comparison of key performance of indicators with our listed industry peer:**

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide a comparison of key performance indicators of listed industry peers with our Company.

**Weighted average cost of acquisition**

**a) The price per share of our Company based on the primary/ new issue of shares (equity/ convertible securities)**

There has been no issuance of Equity Shares other than Equity Shares issued pursuant to a bonus issue on June 17, 2023, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

**b) The price per share of our Company based on the secondary sale/ acquisition of shares (equity shares)**

There have been no secondary sale/ acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts of shares), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

c) Since there are no such transactions to report to under (a) and (b) therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to irrespective of the size of transactions, is as below:

**Primary Transaction**

Date	Shares allotted	Face Value	Issue Price	Nature of allotment	Nature of consideration	Total consideration
June 17, 2023	29,95,000	10	Nil	Bonus Issue	Issue of Bonus Shares in ratio of 599:1	Nil
	29,95,000					
	<b>59,90,000</b>					

**Secondary Transaction**

Date	Name of Transferor	Name of Transferee	No. of Shares	Price per share	Adjusted price	Nature of transaction	Total consideration
June 20, 2023	Madhuri Laxmikant Kole	Shrinivas Laxmikant Kole	5	10	10	Transfer of share	50
		Sakshi Nitin Uttarwar	5				50
		Arnav Laxmikant Kole	5				50
		Mangesh Balaji Mahajan	2				20
		Kishor Mahadeo Komti	2				20
			<b>19</b>				<b>190</b>

**Weighted average cost of acquisition & Issue price**

Types of transactions	Weighted average cost of acquisition	Issue price* (i.e., ₹ [●])	Cap Price i.e., ₹ [●]
-----------------------	--------------------------------------	----------------------------	-----------------------

	(₹ per Equity Shares)		
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	NA <sup>^</sup>	NA <sup>^</sup>	NA <sup>^</sup>
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	NA <sup>^</sup>	NA <sup>^</sup>	NA <sup>^</sup>
Weighted average cost of acquisition of primary issuances / secondary transactions as per paragraph 8(c) above	0	[●] times	[●] times

**Note:**

<sup>^</sup>There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) & 8(b) above, in last 18 months from the date of this Draft Red Herring Prospectus.

\* To be updated at Prospectus stage.

\*\* Post adjustment of bonus shares.

This is a Book Built Issue and the price band for the same shall be published 2 working days before opening of the Issue in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Ahmedabad edition of Regional newspaper [●] where the registered office of the company is situated each with wide circulation.

The Price Band/ Floor Price/ Issue Price shall be determined by our Company in consultation with the BRLM and will be justified by us in consultation with the BRLM on the basis of the above information. Investors should read the above mentioned information along with “Our Business”, “Risk Factors” and “Restated Financial Statements” on pages 84, 22 and 122 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” or any other factors that may arise in the future and you may lose all or part of your investments.

**STATEMENT OF SPECIAL TAX BENEFIT**

To,  
The Board of Directors,  
Shri Balaji Valve Components Limited  
Plot No. PAP B-31, Phase-2 Khed,  
Chakan MIDC, Bhamboli,  
Pune- 410501, Maharashtra

Dear Sirs,

**Sub: Statement of Tax Benefits ('The Statement') available to Shri Balaji Valve Components Limited ('The Company') and its shareholders under the Direct and Indirect Tax Laws in India**

We hereby report that the enclosed annexure prepared by the management of Shri Balaji Valve Components Limited, states the special tax benefits available to the Company and the shareholders of the Company under the Income-Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act") presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that; this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of Equity shares ("the Issue") by the Company.

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

- a) The Company or its shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been/would be met.

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

Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein.

We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Offer Document/ Offer Document or any other issue related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For M/s. Kishor Gujar & Associates  
Chartered Accountants  
Firm Registration No: 116747W

CA Laxmi U Rawat  
Partner  
M. No. 134752  
Date: August 09, 2023  
Place: Pune, Maharashtra



## **ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS**

The information provided below sets out the special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act, 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in Equity Shares 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.

### **A. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE COMPANY**

The Company is not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

### **B. SPECIAL DIRECT AND INDIRECT TAX BENEFITS TO THE SHAREHOLDERS**

The Shareholders of the Company are not entitled to any special tax benefits under the Income Tax Act, 1961 and GST Act.

Notes:

For the purpose of reporting here, we have not considered the general tax benefits available to the company or shareholders.

The above statement covers only certain relevant direct tax law benefits and indirect tax law benefits or benefit.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ('the Amendment Act, 2019') with effect from Financial Year 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives. The option under section 115BAA of the Act once exercised cannot be subsequently withdrawn for any future financial year. The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ('MAT') under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

In such a case, the Company is not allowed to claim any of the following deductions/ exemptions under the Act:

- Deduction under the provisions of Section 10AA.
- Deduction under clause (iia) of sub- section (1) of Section 32 (additional depreciation).
- Deduction under section 32AD or Section 33AB or Section 33ABA
- Deduction under section 35AD or Section 35CCC
- Deduction under section 80G

Lower corporate tax rate under Section 115BAA of the Act and Minimum Alternate Tax ('MAT') credit under section 115JAA of the Act which are in general available and hence may not be treated as special tax benefits.

The Company has evaluated and decided to exercise the option permitted under Section 115BAA of the Act for the purpose of computing its income-tax liability from the Financial Year 2022-23 onwards.

**SECTION V – ABOUT THE COMPANY**

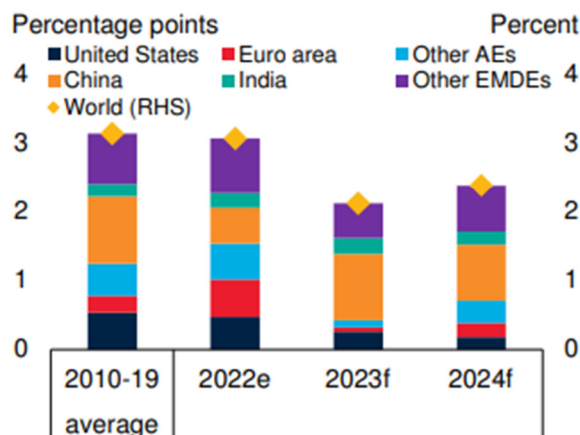
**INDUSTRY OVERVIEW**

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

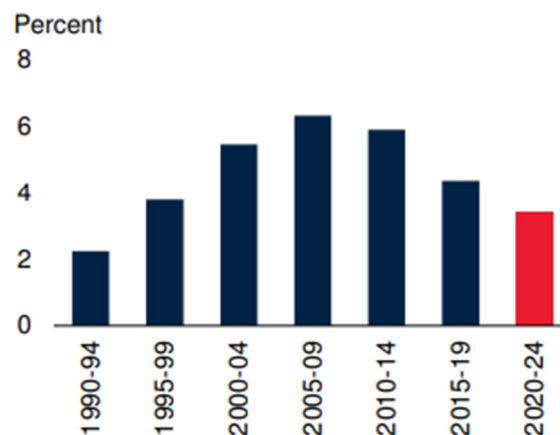
**GLOBAL ECONOMY OVERVIEW**

The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation’s invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation. Global growth is projected to slow significantly in the second half of this year, with weakness continuing in 2024. Inflation pressures persist, and tight monetary policy is expected to weigh substantially on activity. Recent banking sector stress in advanced economies will also likely dampen activity through more restrictive credit conditions. The possibility of more widespread bank turmoil and tighter monetary policy could result in even weaker global growth. Rising borrowing costs in advanced economies could lead to financial dislocations in the more vulnerable emerging market and developing economies (EMDEs). In low-income countries, in particular, fiscal positions are increasingly precarious. Comprehensive policy action is needed at the global and national levels to foster macroeconomic and financial stability. Among many EMDEs, and especially in low-income countries, bolstering fiscal sustainability will require generating higher revenues, making spending more efficient, and improving debt management practices. Continued international cooperation is also necessary to tackle climate change, support populations affected by crises and hunger, and provide debt relief where needed. In the longer term, reversing a projected decline in EMDE potential growth will require reforms to bolster physical and human capital and labor-supply growth.

**A. Contributions to global growth**



**B. Growth in EMDEs**

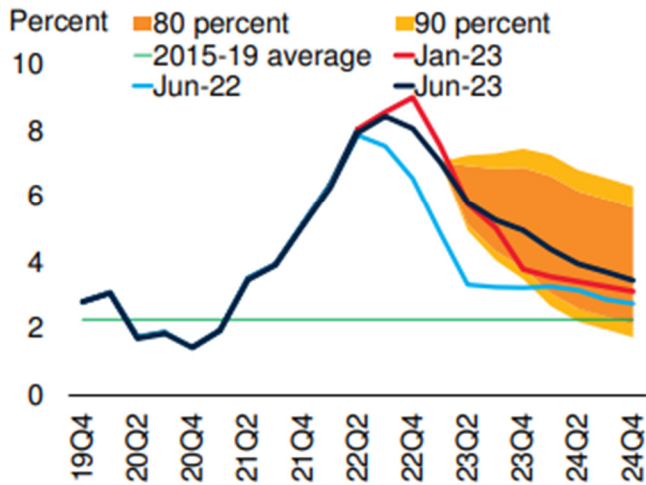


After growing 3.1 percent last year, the global economy is set to slow substantially in 2023, to 2.1 percent, amid continued monetary policy tightening to rein in high inflation, before a tepid recovery in 2024, to 2.4 percent. Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging market and developing economies (EMDEs). Projections for many countries have been revised down over the forecast horizon, with upgrades primarily due to stronger-than-expected data at the beginning of 2023 more than offset by downgrades thereafter. Inflation has been persistent but is projected to decline gradually as demand weakens and commodity prices moderate, provided longer-term inflation expectations remain anchored.

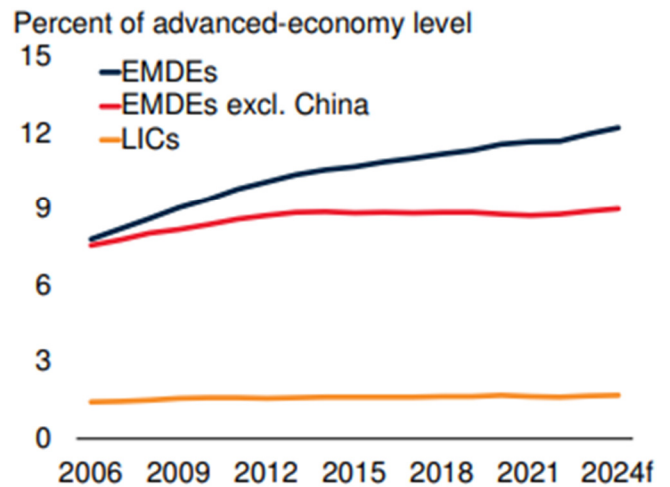
Global growth could be weaker than anticipated in the event of more widespread banking sector stress, or if more persistent inflation pressures prompt tighter-than-expected monetary policy. Weak growth prospects and heightened risks in the near term compound a long-term slowdown in potential growth, which has been exacerbated by the overlapping shocks of the pandemic, the Russian Federation’s invasion of Ukraine, and the sharp tightening of global financial conditions. This difficult context highlights a multitude of policy challenges. Recent bank failures call for a renewed focus on global financial regulatory reform. Global cooperation is also necessary to accelerate the clean energy transition, mitigate climate change, and provide debt relief for the rising number of countries experiencing

debt distress. At the national level, it is imperative to implement credible policies to contain inflation and ensure macroeconomic and financial stability, as well as undertake reforms to set the foundations for a robust, sustainable, and inclusive development path.

### E. Model-based global CPI inflation projections



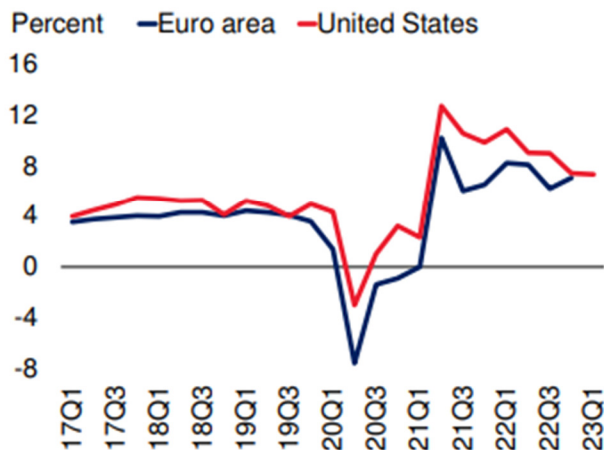
### F. EMDE GDP per capita



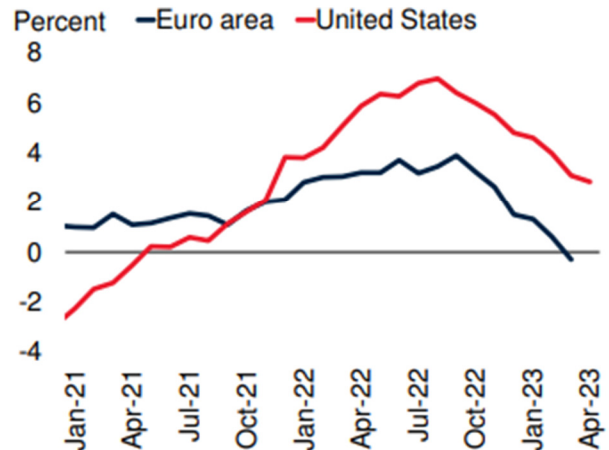
### Regional Prospects.

Growth in advanced economies in late 2022 and early 2023 slowed less than expected, as tight labor markets supported robust wage growth and prevented a sharper slowdown in consumption. The tightness in labor markets is in part related to a slowdown in labor supply, with labor force participation rates falling (partly because of a rise in early retirements) and, in the United States, a decline in hours worked by those employed (Lee, Park, and Shin 2023). In the first quarter of 2023, GDP expanded by 1.1 percent in the United States on a quarterly basis, supported by broadly robust consumption. Euro area GDP grew by 0.3 percent at an annualized rate, reflecting lower energy prices, easing supply bottlenecks, and fiscal policy support for firms and households. Advanced-economy growth is projected to slow to an annual average of 0.7 percent in 2023. This largely reflects the continued effect of considerable central bank policy rate hikes since early 2022. More restrictive credit conditions due to banking sector stress in advanced economies should slow domestic demand further in 2023. Past increases in energy prices and the expected softening in labor markets are also projected to weigh on activity. Growth is expected to accelerate modestly to 1.2 percent in 2024 due to a pickup in the euro area. Stronger-than-expected activity in early 2023 is projected to push average annual growth 0.2 percentage point above the January forecast, despite an expected weakening in the second half. In contrast, the pickup in growth in 2024 is weaker than previously forecast, owing to the more delayed impact of monetary policy rate increases, as well as additional headwinds from tighter credit conditions.

### A. Wage growth

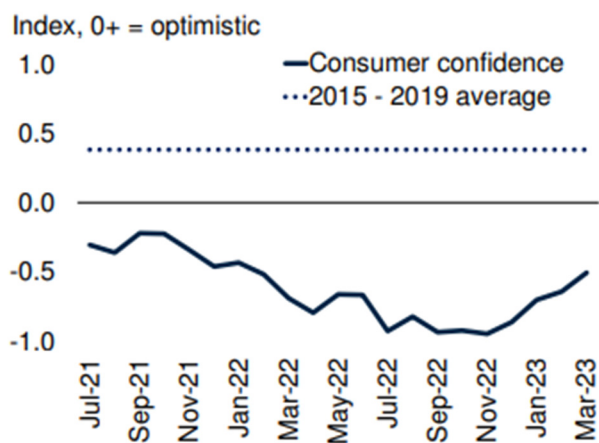


### B. Bank lending

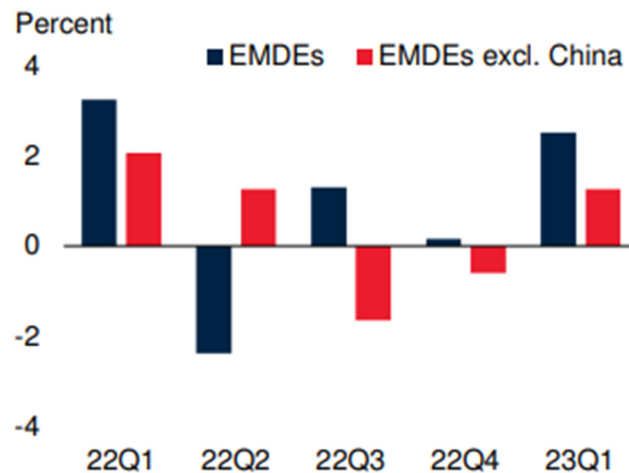


EMDE growth firmed somewhat in early 2023. External demand for many countries was supported by the pickup in growth in China and the unexpected resilience in advanced economies. Indicators of EMDE domestic demand have improved, but from a low level. Consumer confidence, for example, has improved slightly from its trough in the last quarter of 2022, but remains well below recent averages. Services activity also picked up to start the year, with services PMIs indicating solid expansion in several large EMDEs. Although measures of EMDE financial stress have generally declined since last year, financing costs remain elevated, reflecting both domestic and advanced-economy monetary policy tightening. This has weighed on EMDE investment and output in sectors that are more sensitive to interest rate movements, such as industrial production and construction. Industrial production in EMDEs excluding China declined sharply in the second half of last year but rebounded somewhat in the first quarter of 2023. New orders in EMDE manufacturing PMIs have shown modestly increasing output, after signaling contraction for much of 2022. International tourism flows have been slow to respond to China’s reopening but have normalized substantially compared with last year.

**A. EMDE consumer confidence**



**C. Growth of EMDE industrial production**



(Source – <https://openknowledge.worldbank.org/server/api/core/bitstreams/6e892b75-2594-4901-a036-46d0dec1e753/content>)

**INDIAN ECONOMY AT A GLANCE**

India is one of the fastest growing economies of the world and is poised to continue on this path, with aspirations to reach high middle income status by 2047, the centenary of Indian independence. It is also committed to ensuring that its continued growth path is equipped to deal with the challenges of climate change, and in line with its goal of achieving net-zero emissions by 2070. The growth of the past two decades has also led to India making remarkable progress in reducing extreme poverty. Between 2011 and 2019, the country is estimated to have halved the share of the population living in extreme poverty - below \$2.15 per person per day (2017 PPP) (World Bank Poverty and Inequality Portal and Macro Poverty Outlook, Spring 2023). In recent years, however, the pace of poverty reduction has slowed especially during the COVID-19 pandemic, but has since moderated in 2021-22.

Certain challenges persist. Inequality in consumption continues, with a Gini index of around 35 over the past two decades. Child malnutrition has remained high, with 35.5 percent of children under the age of 5 years being stunted, with the figure rising to 67 percent for children in the 6-59 months age group. Headline employment indicators have improved since 2020 but concerns remain about the quality of jobs created and the real growth in wages, as well as around the low participation of women in the labor force. India’s aspiration to achieve high income status by 2047 will need to be realized through a climate-resilient growth process that delivers broad-based gains to the bottom half of the population. Growth-oriented reforms will need to be accompanied by an expansion in good jobs that keeps pace with the number of labor market entrants. At the same time, gaps in economic participation will need to be addressed, including by bringing more women into the workforce.

**Indian Economic Outlook**

After real GDP contracted in FY20/21 due to the COVID-19 pandemic, growth bounced back strongly in FY21/22, supported by accommodative monetary and fiscal policies and wide vaccine coverage. Consequently, in 2022, India emerged as one of the fastest growing economies in the world, despite significant challenges in the global environment – including renewed disruptions of supply

lines following the rise in geopolitical tensions, the synchronized tightening of global monetary policies, and inflationary pressures. In FY22/23, India’s real GDP expanded at an estimated 6.9 percent. Growth was underpinned by robust domestic demand, strong investment activity bolstered by the government’s push for investment in infrastructure, and buoyant private consumption, particularly among higher income earners. The composition of domestic demand also changed, with government consumption being lower due to fiscal consolidation.

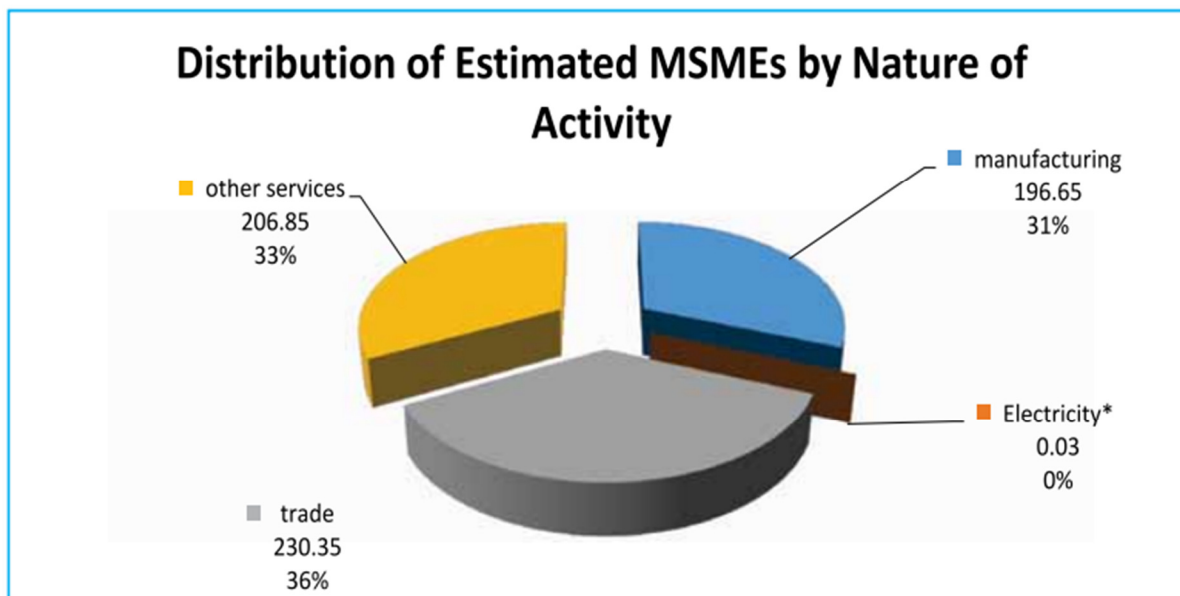
Since Q3 FY22/23, however, there have been signs of moderation, although the overall growth momentum remains robust. The persisting headwinds – rising borrowing costs, tightening financial conditions and ongoing inflationary pressures – are expected to weigh on India’s growth in FY23/24. Real GDP growth is likely to moderate to 6.3 percent in FY23/24 from the estimated 6.9 percent in FY22/23. Both the general government fiscal deficit and public debt to GDP ratio increased sharply in FY20/21 and have been declining gradually since then, with the fiscal deficit falling from over 13 percent in FY20/21 to an estimated 9.4 percent in FY22/23. Public debt has fallen from over 87 percent of GDP to around 83 percent over the same period. The consolidation has largely been driven by an increase in revenues and a gradual withdrawal of pandemic-related stimulus measures. At the same time, the government has remained committed to increasing capital spending, particularly on infrastructure, to boost growth and competitiveness.

(Source - <https://www.worldbank.org/en/country/india/overview#1>)

**Micro, Small and Medium Enterprises**

MSMEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities (196.65 lakh in Manufacturing, 0.03 lakh in Non-captive Electricity Generation and Transmission<sup>1</sup>, 230.35 lakh in Trade and 206.85 lakh in Other Services) excluding those MSMEs registered under (a) Sections 2m(i) and 2m(ii) of the Factories Act, 1948, (b) Companies Act, 1956 and (c) construction activities falling under Section F of National Industrial Classification (NIC) 2008.

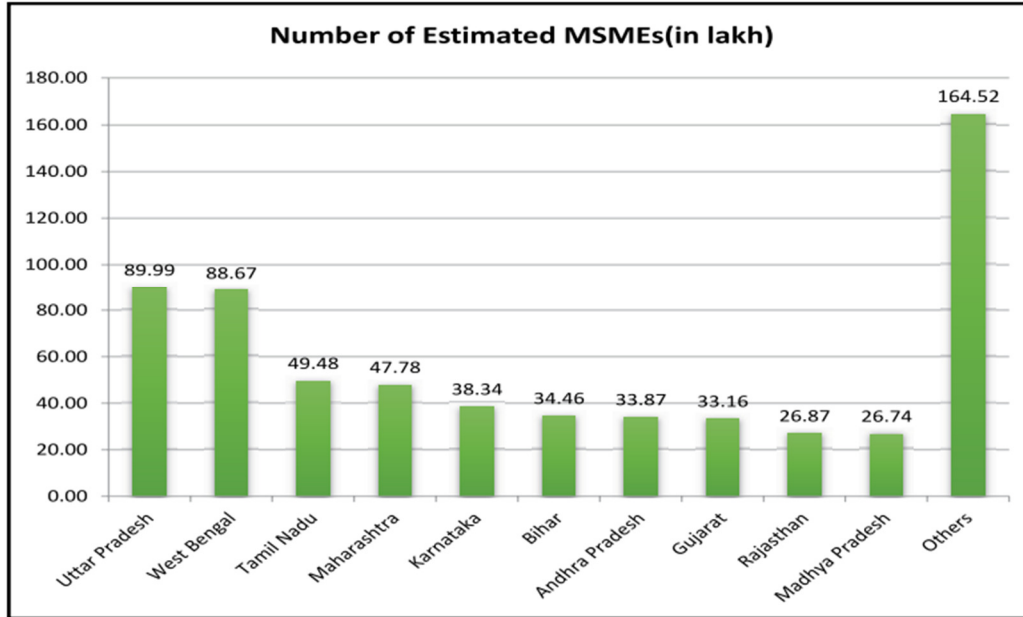
**Figure 2.1 Distributions of Estimated MSMEs (Nature of Activity Wise)**



\*Non-captive electricity generation and transmission

State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14.20% of MSMEs in the country. Top 10 States accounted for a share of 74.05% of the total estimated number of MSMEs in the country.

Figure 2.8: Distribution of MSMEs in Top Ten States



## ABOUT VALVES

A valve is a device that regulates controls or directs the flow of a fluid by opening, closing, or partially obstructing fluid flow. A valve is a device that regulates, directs or controls the flow of a fluid (gases, liquids, fluidized solids or slurries) by opening, closing or partially obstructing various passageways. Valves are technically called as valves fittings, but are usually discussed as a separate category. In an open valve, fluid flows in a direction from higher to lower pressure. The word is derived from the Latin word “valva”, the moving part of a door, in turn from *volvere*, to turn, roll.

Valves have many uses, including controlling fluid flow for irrigation, industrial uses, controlling process and residential uses such as on/off and pressure control to dish and clothes washer and taps in the home. Even aerosols have a tiny valve built in valves are also used in the military and transport sectors.

Basically, it controls flow & pressure. Different types of valves are used to serve these functions. There are mainly about 9 Different Types of Valves used in Piping such as Gate Valve, Globe Valve, Check Valve, Plug valve, Ball Valve, Butterfly Valve, Needle Valve, Pinch Valve and Pressure Relief Valve. The item proposed is basically a casting, machined & assembled product. The castings of metals and alloys of copper, zinc, tin, aluminum, lead, alloy steel, CI etc. come under the group of non-ferrous & Ferrous castings. Some of the prominent valve castings are Brass, Bronze, Aluminum Bronze, Gun Metal, Stainless Steel, Cast Iron etc. are used to manufacture various types of valves for domestic and industrial applications.

## Market Potential

The global industrial valves market size was valued at USD 48.1 billion in 2020 and is projected to reach USD 85.7 billion by 2025. It is expected to grow at a Compound Annual Growth Rate (CAGR) of 12.3% during the forecast period. Increasing demand for valves from the pharmaceuticals industry due to the outbreak of the COVID-19 pandemic, growing focus on the development of smart cities globally, rising need for connected networks to maintain and monitor industrial equipment, and surging requirement for establishing new nuclear power plants and revamping existing ones are the key driving factors for the industrial valves market.

An increase in demand from the energy & power sector is also likely to drive the industrial valves market for the energy & power end-use industry gradually from 2021 to 2025. Metallic valves are non-ferrous & ferrous castings depending upon applications, are fast consuming items and the area of application for these items are vast due to their certain inherent advantages of mechanical and chemical properties. The industrial valves market is segmented on the basis of type, function, material, accessories, size and application. The growth among segments helps to analyze niche pockets of growth and strategies to approach the market and determine your core application areas and the difference in your target markets.

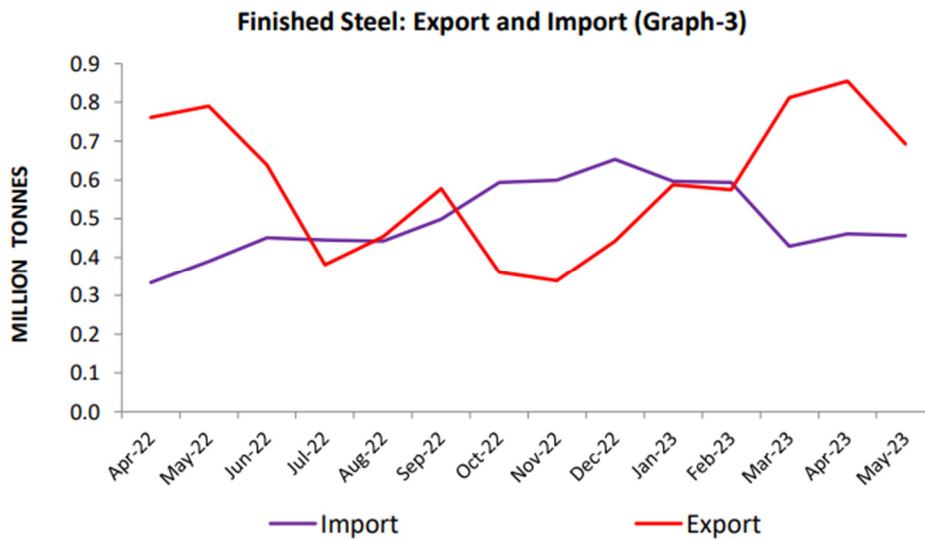
On the basis of size, the industrial valves market is segmented into 1 inch to 6 inch, 6 inch to 12 inch, 12 inch to 24 inch, 24 inch to 48 inch and above 48 inch. On the basis of application, the industrial valves market is segmented into oil and gas, water and waste treatment, chemical, energy and utilities, food and beverages, pharmaceutical, agriculture, marine, automotive, metals and mining, paper and pulp and others.

(Source - [https://dcmsme.gov.in/05\\_Metallic%20valves%20by%20Gajbhiye-converted.pdf](https://dcmsme.gov.in/05_Metallic%20valves%20by%20Gajbhiye-converted.pdf))

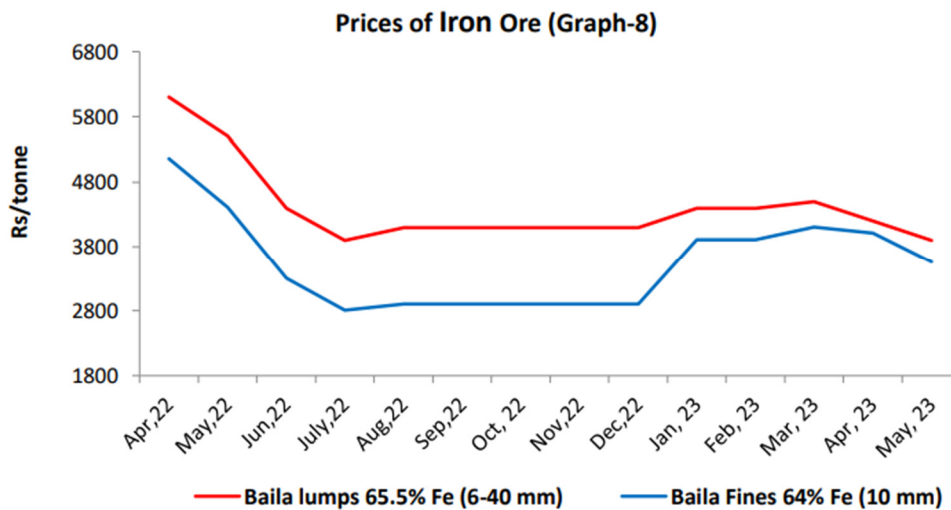
**STEEL SECTOR OUTLOOK**

Performance of Steel sector during April-May, FY24 has been encouraging. The production of crude steel at 22.30 million tonnes (MT), finished steel at 21.48 MT and consumption of finished steel at 20.31 MT during April-May, FY24 was the highest in corresponding period of last five years. The month-wise production and consumption indicates to an overall increasing trend with month-on-month fluctuations and that the production and consumption of steel increased in May '23 over their respective levels in April '23.

Export-Import Scenario: During the month of May '23, the exports and imports of finished steel decreased as compared to previous month



The prices of iron ore declined during April '22 to July '22. However, after December '22 it has shown some recovery and declining since April '23



(Source - <https://steel.gov.in/sites/default/files/Monthly%20Summary%20for%20May%202023.pdf>)

## **OUR BUSINESS**

*Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-Looking Statements” for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” for a discussion of certain factors that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year. In this section, a reference to the “Company” or “we”, “us” or “our” means Shri Balaji Valve Components Limited.*

*All financial information included herein is based on our “Financial information of the Company” included on page 122 of this Draft Red Herring Prospectus.*

### **Business Overview**

Our Company, an ISO 9001-2015 certified company, is engaged in the business of manufacturing of ready to assemble valve components catering to manufacturing of the valves which are used in different industries and in different size depending on the customer’s specifications. We manufacture and supply various types of valve components which are used in manufacturing of ball valves, butterfly valves and other valve including forging products. Our valve components are used to manufacture valves which serve industries which are in different sectors. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

We are into machining of components and delivering ‘Ready to assemble’ valve components according to customers designs and specifications. Currently, our company is operating from its 2 manufacturing facilities located at Pune, Maharashtra. One of our manufacturing facilities is located at Bhosari, Pune which is equipped with the forging capabilities and heat treatment capabilities, the second manufacturing facility is located at Chakan MIDC, Bhamboli, Pune which undertakes the machining work. Most of our valves components are made as per the requirements specified by our customers’. We work in close connections with our clients, so that our valve components match with the customers’ requirement and can handle the desired applications. Over the years, our valve components have proved suitable and safe for many operations requirements. We manufacture valve components using the forging method, bar routing method and casting methods. In case of any casting products, we generally get the casts manufactured from the customers nominated vendors or outsourcing. The use of methods depends upon the manufacturing plans, customer requirements, component manufactured, material complexity etc.

Our company was incorporated in 2011, prior to the incorporation our Promoter, Laxmikant Sadashiv Kole had commenced the business of manufacturing of machined and valves components through his proprietary concern M/s Balaji Enterprises, from where he started the initial production during the year 1992. With the knowledge of valve component industry, the vision and business intellect of our promoter, the proprietorship concern of our promoter expanded its operations during the first decade of its operation. Later during the year 2003, to co-op with the similar business and allied activities, M/s Shrinivas Engineering proprietary concern was established by Madhuri Laxmikant Kole, our promoter. Later, during the fiscal 2021, in order to achieve the synergy benefits from combining both the proprietary concerns the promoters decided to transfer all the assets and liabilities of both the proprietorship concern i.e. M/s Balaji Enterprises & M/s Shrinivas Engineering to our company.

Our manufacturing facility situated at Bhosari, Pune is equipped with forging plant of upto 1.5 metric tonne hammer, oil fired furnace, trimming press, heat treatment furnace etc. which can be used for functions like annealing, hardening, tempering and normalizing along with manufacturing forging components. During the year 2023, we established our second manufacturing unit at Chakan MIDC, Bhamboli, Pune which is a two floored shop facility, equipped with machines like air compressor, ball grinding machine, multi spindle drilling machine, bandsaw machine, tool grinding machine, lathe machine, VMC machine, CNC machine, surface polishing machine, HMC machine, radial drilling machine, bench grinder, fiber laser marking machine etc. The facilities are equipped with crane, centralised air and coolant line, material movement vehicles etc for material movement and ease in operations. The facilities also have fire system for safety of the infrastructure and our employees. To adhere to the quality of components we have an inhouse testing facility which is equipped with TRIMOS, relevant measurement instruments. Our manufacturing facilities are equipped with machines suitable for carrying out our manufacturing operations smoothly and efficiently.

Our Promoters, Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole have experience of around 30 years, 20 years and 4 years respectively in the valve components industry. The experience of our Promoters has been instrumental in determining the vision and growth strategies for our Company. We further believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their experience of the industry.



Our company is very quality conscious and make continuous efforts to maintain the desired level of quality starting from the raw material inward stage, manufacturing process and packaging and storage stage. We maintain a continuous check at different levels of output to ensure that the product is in conformity with quality standards and meet the customer’s specification. We also undertake discussion with the customers to understand the design specifications at the RFQ stage to the production stage, so that the valve components match with the customer’s requirements. We have obtained ISO 9001:2015 for Quality Management System issued by DNV - Business Assurance for manufacture and sale of forged and heat-treated components, machined components, and production tooling for engineering industry. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

During the last 3 years we have exported our valve components to different countries namely Dubai, Germany, Singapore, Taiwan, Italy, South Africa, USA, United Kingdom, Qatar & Pennsylvania. We believe that our growth has been due to our ability to understand customer needs and build a product of optimal design and required specifications. As is reflected in our restated revenue which has grown from Rs. 1607.11 lakhs in Fiscal 2021 to Rs. 6232.33 lakhs in Fiscal 2023 and our restated profit after tax has increased from a loss of Rs. 3.22 lakhs in Fiscal 2021 to profit of Rs. 647.60 lakhs in Fiscal 2023.

**Financial Snapshot**

(All amounts in Rs. Lakhs)

Key Financial Performance	For the year		
	31-Mar-23	31-Mar-22	31-Mar-21
Revenue from operations <sup>(1)</sup>	6232.33	3882.91	1607.11
EBITDA <sup>(2)</sup>	1101.75	270.81	32.57
EBITDA Margin <sup>(3)</sup>	17.68	6.98	2.03
PAT	647.6	153.47	(3.22)
PAT Margin <sup>(4)</sup>	10.39	3.95	-
Networth <sup>(5)</sup>	793.60	144.64	(10.85)
RoNW(%) <sup>(6)</sup>	81.60	106.10	-
RoCE (%) <sup>(7)</sup>	26.59	8.17	1.01

**Notes:**

1. Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements
2. EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses - Other Income
3. ‘EBITDA Margin’ is calculated as EBITDA divided by Revenue from Operations
4. ‘PAT Margin’ is calculated as PAT for the period/year divided by revenue from operations.
5. Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company.
6. Return on Net Worth is ratio of Profit after Tax and Net Worth.
7. Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders’ equity plus total borrowings {current & non-current}.

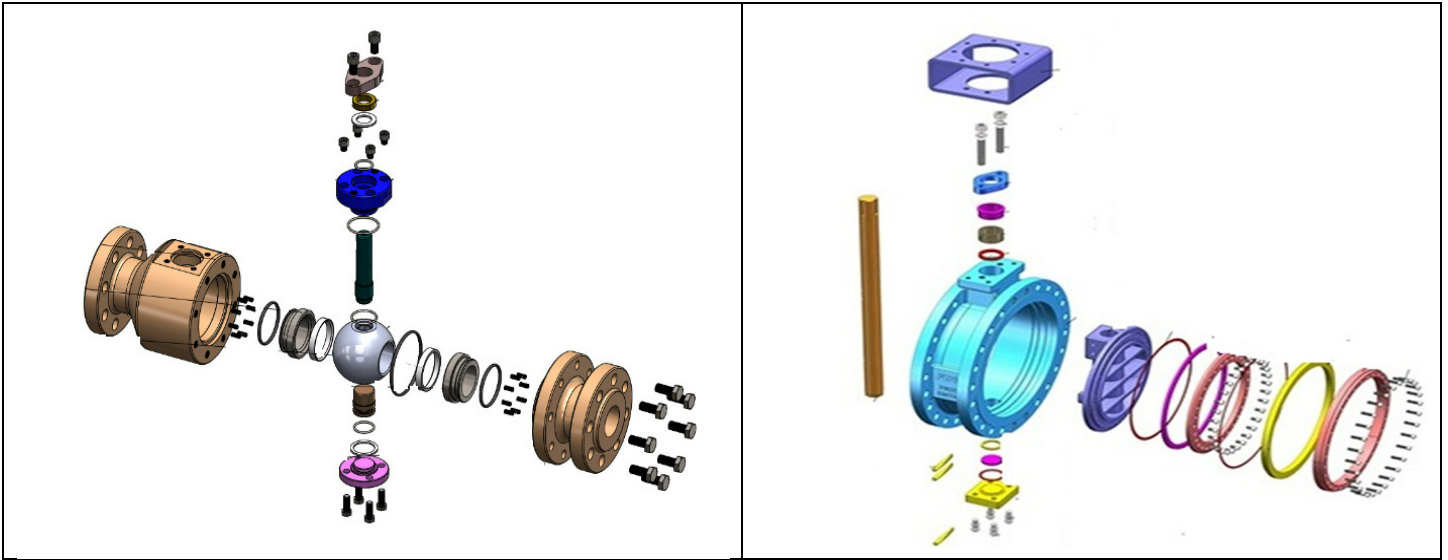
**Geographical Revenue Break up**

Sr. No.	Particular	Revenue (Amount in Lakhs)		
		31-Mar-23	31-Mar-22	31-Mar-21
1	Domestic Sales	3817.51	2,583.63	992.24
2	Export sales	1837.80	956.00	534.15
3	Other operating revenue	577.01	343.28	80.73
	<b>Total</b>	<b>6,232.33</b>	<b>3,882.91</b>	<b>1,607.11</b>

**Our Product Portfolio**


Our company is engaged in the business of manufacturing ready to assemble valves components catering to different industries. These components along with other part can be assembled into Valve which are used for on-off or throttling control of non-corrosive or mildly corrosive substances.

<b>Ball Valve expanded view</b>	<b>Butterfly valve expanded view</b>
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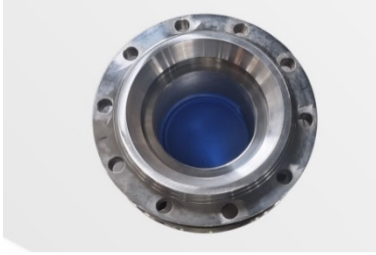
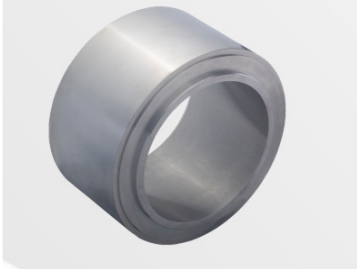



We manufacture different components like ball, stems, body of the valve, connectors, trunnion, flanges, housings, rings, shafts, bonnets, discs, sleeves etc. which are used in different types of valves like Ball Valve, Butterfly Valve, Control valve, globe, gate & check valves. Based on the above structure, we manufacture different components of the valve which are further based on the requirements of the customers. The components are designed to meet low/ high pressure application requirements in varied industries. Apart from the above mentioned products, we also manufacture forging components which are used in valve manufacturing.

Below are the brief details of some of the major components we manufacture –

Component Name	
<p>Product Name - Ball</p> <p>Product Details - SSBV &amp; TMBV balls</p> <p>Size - 1/2" to 10"</p> <p>Manufacturing - forging method, bar route method &amp; centrifugal casting method.</p> <p>Uses – The ball are fitted inside the ball valve, these ball regulate the flow of liquid or gases based on the lever movements.</p>	

<p>Product Name - Stem                  Product Details - SSBV &amp; TMBV STEMS                  Size - 1/2" to 60"                  Manufacturing - forging method &amp; bar route method                  Uses – The stem of a valve is used to open/close the valve. The stem connect the ball with the levers which regulate the flows.</p>	
<p>Product Name - Bonnet                  Size - 1" to 20"                  Manufacturing - forging method &amp; bar route method                  Uses - The bonnet serves as the mounting base for the valve. It includes the seal which prevents fluid leakage along the stem and hold the valve components.</p>	
<p>Product Name - Body                  Size - 2" to 24"                  Manufacturing - forging method &amp; casting method                  Uses - The body is a key element, it contains all the moving components that contact with the fluid and has to withstand the pressure.</p>	
<p>Product Name - Trunnion                  Size - 2" to 48"                  Manufacturing - forging method &amp; bar route method                  Uses - The trunnion is attached to the ball that acts as a support that allows the ball to rotate. The trunnion is connected to the valve's body and is held in place by bearings.</p>	
<p>Product Name - Flange                  Size - 2" to 60"                  Manufacturing - forging method &amp; bar route method                  Uses – The flange act as a connection between the valve and the end connectors.</p>	

<p>Product Name - End-connector                  Size - 2" to 48"                  Manufacturing - forging method &amp; casting method                  Uses - The end connectors are used to connect the valve to the system which are using the valve.</p>	
<p>Product Name - Sleeves                  Size - 1" to 20"                  Manufacturing - forging method &amp; bar route method                  Uses - The internal elements of a valve trim, typically includes a disk, seat, stem, and sleeves needed to guide the stem/flow.</p>	
<p>Product Name - Plugs                  Size - 1" to 12"                  Manufacturing - forging method &amp; bar route method                  Uses - The plug has an opening in the center that allows for flow through the valve in the open position when the cavity is parallel to the flow. When the controlling lever rotates, the plug inside the valve assembly turns and the cavity is perpendicular to the flow which in turn stops the flow.</p>	

**Our Competitive Strength**

**1. Integrated manufacturing capabilities**

Currently, our company is operating from its 2 manufacturing facilities located at Pune, Maharashtra having the required machines which are capable of forging, heating and machining capabilities. One of our manufacturing facilities is located at Bhosari, Pune which is equipped with the forging capabilities and heat treatment capabilities, the second manufacturing facility is located at Chakan MIDC, Bhamboli, Pune which undertakes the machining work. Our manufacturing facilities are equipped with standard machines suitable for carrying out our manufacturing operations smoothly and efficiently. Our manufacturing facility situated at Bhosari, Pune is equipped with forging plant of upto 1.5 metric tonne closed die hammer & 28 kgs along with electric PLC controlled pusher type continuous furnace with a capacity of around 120 kg/hr. heating capabilities which can be used for functions like annealing, hardening, tempering and normalizing. Also, our second manufacturing unit at Chakan MIDC, Bhamboli, Pune is equipped with machines like CNC Machines, VMC Machines, SPM Ball Machines, HMC Machines, Ball Grinding Machines, CNC VTL Machines & VTL Machine along with different supporting machineries like cranes, lifts etc. We have over the years have built capability to produce most of our products with the aid of our manufacturing facilities and being capable of performing in-house manufacturing operations. This gives the company an edge in terms of faster deliveries, better quality and reduced costs of operations.

**2. Experienced Management team**

We have an experienced and qualified management team led by our Promoter and Managing Director, Laxmikant Sadashiv Kole with overall work experience of around 30 years, our Promoter and Whole Time Director, Shrinivas Laxmikant Kole with overall work experience of around 4 years and our Promoter and Director Madhuri Laxmikant Kole with overall work experience of around 20 years. Thus our management possesses business intellect in activities such as forging, engineering and manufacturing of valve components and we are well placed to capitalize their knowledge and experience which has been instrumental in the growth of our Company. Their advisory services and inputs are a value addition to our performance, compliance and overall operations. We believe that our management team's experience and their understanding of the industry will enable us to continue to take advantage of both current and future market opportunities. We believe our growth strategy in combination with management's demonstrated ability to consistently meet the customers' high expectations for quality and reliability, serves as a foundation for future revenue growth and stable operating

profit. For further details on education, experience and other details of our Management and Key Managerial Personnel, kindly refer to the Chapter titled “Our Management” beginning on page 109 of this Draft Red Herring Prospectus.

### ***3. Diversified range of products.***

We have a diversified product portfolio of industrial valves components catering to different industries in sizes ranging from ½ inch to 60 inches. We manufacture and supply various types of ball valve components, butterfly valve components and other valve components including forging products and have a significant customer base in the valve manufacturing industry developed over the years. The industry sectors we serve includes companies in the oil and gas sector, power generation sector, Petro-chemical industry, construction equipment manufacturing industry along with pharmaceuticals, food and beverage industry. We deal in a wide range of products, which enables us to cater to a widespread customer base across India and also expand our reach in international locations like Dubai, Germany, Singapore, Taiwan, Italy, South Africa, USA, United Kingdom, Qatar & Pennsylvania. Further, we believe that we have necessary resources, experience, and network that can be customized and leveraged to cater to wider range of valve components as per requirements of the customers. Our promoter have an operating history of more than three decades, we are primarily known for our wide range of quality products at a competitive price. For any company, innovation and technical progress are key factors for its success in the long term. Our Company constantly encourages its people to develop new products for catering to demands of our customers. We are in constant touch with our clients in order to assess their requirements for increasing their process efficiency. This has helped our Company to become a solution provider and not just a manufacturing concern.

### ***4. Long Standing Relationship with key Customers & Suppliers***

Our Company enjoys long standing relationship with key Customers & Suppliers. These long standing relationships are result of our commitment to quality, timely delivery, promptness in payments and adaptability etc. We benefit immensely from this. Our business and growth are significantly depending on our ability to maintain the client relationship. We believe that having many years of experience in the industry and being able to identify these players would give us a competitive advantage in the business segment. These long standing relationship with customers and suppliers have helped in establishing our reputation as a trusted business player in manufacturing industry. As on March 2023, our top 5 customers were 43.02% of total revenue from operations and top 5 suppliers were 49.97% of total purchases. We have long-standing relationships with our customers for whom we have executed repeat orders over an extended period of time, which we believe have been established and are strengthened by the dedicated infrastructure and our ability to meet Clients’ requirements for customized products.

### ***5. Quality Assurance and Standards***

We believe that quality is a pre-requisite for a positive consumer experience and long-term brand loyalty. This focus towards quality delivery has formed the foundation of the expansion and diversification of our product portfolio since our inception. We have obtained ISO 9001:2015 certification for Quality management System for both our manufacturing facilities. Our promoter have been in the business of manufacturing and supply of valve components since three decades and have successfully ventured and supplied quality products to our customers. Further, apart from the quality of the products, the components must comply with the detailed specifications provided by the customers. Our components are manufactured under controlled conditions, suitable working environment & with strict adherence to the customer requirements. The manufacturing facilities are equipped with monitoring & measurement resources for testing and maintaining quality of the components. Our focus on quality is maintained at all stages right from the sourcing of raw materials, manufacturing and dispatch stage, which is subject to a rigorous review and monitoring process undertaken at our manufacturing facilities. We believe that our certifications and industrial expertise favorably position us in servicing our client requirements across diverse product segments.

## **Our Business Strategies:**

### ***1. Continue to invest in our manufacturing capabilities***

We are committed for taking steps towards expansion of our manufacturing facility for achieving better operational efficiency. In order to expand our business and achieve operational efficiency, we have built the factory shed at Plot No. PAP-B-130, Bhamboli, Chakan-410501 and propose to start the forging and heat treatment working at this proposed manufacturing unit. We have expanded around Rs. 1090.04 Lakhs until March 31, 2023 for the said capacity expansion at the abovementioned plant location. With installation of aforementioned plants, we may be able to start the forging and heat treatment at this location which will provide us operational efficiency and expand our business. Thus, going forward, we intend to continue making investments in capacity expansions and modernization of our equipment and facilities. We also seek to expand our capabilities in a cost efficient manner, by actively pursuing new venture, opportunities, acquisitions and strategic alliances with entities that are complementary to our business. We will continue to pursue such opportunities where we believe they will add value to our business, our stakeholders and our customers.



## ***2. Expanding customer base and deepen key customer relationships***

Over the years we have developed long standing relationships with our customers. We devote significant attention to being able to understand the detailed specifications & engineering requirements of our customers through consultation with them. We believe that this gives us a distinct perspective that we bring to our engagements. We are focused on continuing to expand our relationships with existing customers by helping them solve new issues by supplying the right dimension of valve components. We aim to sustain the annual revenue contribution of a customer in subsequent years after the new customers' association with us. Expansion of our relationships with existing active customers will remain a key strategy going forward as we continue to leverage our domain expertise and knowledge of emerging technology trends in order to drive incremental growth for our business. We believe that we continue to have opportunities to add new customers to our portfolio. Further, we intend to cater to the increasing demand of our existing customers and also to increase our existing customer base by enhancing our geographical reach. Presently, we are concentrated in the state of Maharashtra, Goa, Gujarat, Tamil Nadu and Karnataka. Enhancing our presence in additional regions will enable us to reach out to a larger market and have direct access to the clients which will allow us to have better understanding of their requirement. Further, our Company believes in maintaining long term relationships with our customers. We aim to achieve this by quality services, timely delivery and competitive pricing.

## ***3. Focus on consistently meeting customer specifications' & quality standards***

Our Company intends to focus on adhering to the customers' specifications and quality standards of the components. Component design, specification and quality of the product are very important for the company from both customer point of view and regulatory point of view. Continuous review of products at different stages to identify and deviations from the specifications' and timely corrective measures in case of quality diversion are keys for maintaining quality standards of the products. Providing the desired customer specifications' and good quality products help us in enhancing customer trust and maintaining long term relationships with customers. Also, continuously meeting the customer specifications' and quality standards is essential to obtain repeat orders.

## ***4. Deepen and expand our geographical presence.***

We intend to cater to the increasing demand of our existing customers and also to increase our existing customer base by enhancing the reach of our products in different parts of the country. Our Company operates from Pune, Maharashtra in India. We propose to enter into new geographies and increase our marketing and sales team which can focus on different regions and also maintain and establish relationship with customers. We aim to achieve this by adding value to our customers through quality assurance, timely delivery and reliability.

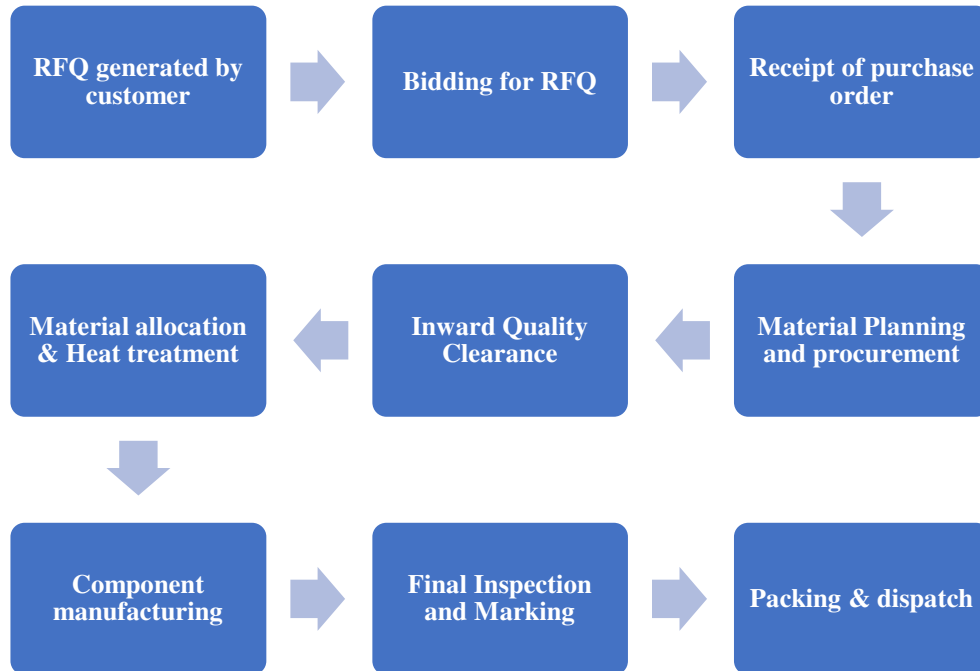
## ***5. Focus on increasing operational efficiencies to improve returns***

Offering quality products at attractive prices is a key aspect of maintaining and expanding our relationships with our customers. In order to achieve the same, we intend to use a variety of manufacturing strategies, material sourcing strategies and cost reduction strategies to

continue to improve our operational efficiencies. For achieving the same, we have adopted several initiatives designed to improve our cost efficiency such as bulk purchase of raw material, sourcing the material from nearby sources to save on transportation, increasing the research activities and improving technologies for making the components meet the customer requirements and desired quality. We continue to invest in operational excellence throughout the organization without any compromise on the quality.

### **Manufacturing Process:**

Our manufacturing process can be summarized as under :-



1. **RFQ generated by customer** – We are engaged in the manufacturing of valve components and precision machined components, which are customized according to the customer needs. The process starts with the ‘Request for Quotation’ opened by the customer. Once the RFQ is released, we check the specifications provided by the customers’. Post which the regular components are quoted immediately whereas the newer components are checked for feasibility and quoted based on the feasibility analysis.
2. **Bidding for RFQ** – Once we are done with internal assessment of our current stock and production plan, we make the bidding to the customers with details of the material to be used, pricing and other important details as required by the customer. This process sometimes requires discussion with the customer to get a better understanding of the customer specifications and requirements.
3. **Receipt of Purchase order** – Once we quote the details to the customers, the details are checked and verified by the customers. The purchase order is generated based on many criteria’s like products specification, cost, delivery schedule etc.
4. **Material Planning & procurement** – Upon generation of a work order, our team study the specifications of the work order. This team undertakes the responsibility for establishing the process to be adopted to manufacture the product, materials to be used, testing, etc. During this step, we evaluate the suitability and availability of materials agreed to be used, and design the product, in the event of it being a new product as compared to one previously manufactured by us. Based on the above inputs, the raw material requirements for each order are estimated and procurement schedule is prepared for timely and cost effective purchases. While we ordinarily conduct procurements on the basis of prevailing market prices, we have in certain cases bought materials in advance to minimize the impact of market fluctuations on price.
5. **Inward Quality Clearance** - On receipt of material at our premises, we conduct quality checks to ensure that the material meets the requirements specified by us at the time of placing the order with them. This ensures that adequate checks and balances are identified and set in place to manufacture the product in accordance with the customer requirements.
6. **Material Cutting & Heat treatment** - After needed tests, heat treatment cycles and cutting the material (Bar Route)/Forging/Casting is done, then the manufactured material is issued to production along with the Drawing of the Component

and Route Card. The Route Card here acts as the main document for the material movement and to manage traceability of the component.

7. **Valve Component manufacturing** – The manufacturing processes for each component differs as per the size of component, type of component and material of component. The same is defined by Bill of Material in consultation with the Production. The Batch Card Number is instrumental in finding the status of component and defining delivery dates and other decision for effective manufacturing. The component travels process by process according to the Production Batch Card and then it is handed over to Dispatch Section for Final Inspection, checking and dispatching to respective customers. Upon completion of the machining and where needed, we treat the machined components either by way of buffing, phosphating or plating.
8. **Final inspection and Marking** - After the production is completed, We conduct a visual inspection to ensure correct tagging, name plate fitting, end protection and general aesthetics. Often, customers require an additional inspection to be conducted either by themselves or appoint a third party to inspect the products. Post the inspection the component is marked for identification and sent to packing of the components.
9. **Packing and dispatch** - Once our products are ready, they are packed to avoid any damages to the seats & ends, our dispatch department prepares a packing list and invoice which is dispatched with the products to our customers.

### **Our Manufacturing Facility**

Bhosari manufacturing facility, Pune







**Chakan manufacturing facility, Pune**





**Installed Capacity & Capacity Utilization:-**

We manufacture and supply various types of ball valve components, butterfly valve components and other valve components including forging products which are ready to assemble into valves used in pumps & valves. Below are the brief details of our installed manufacturing capacity and utilization for last 3 financial years :-

**A) Machining Plant Capacity: -**

Particulars	2020-21**	2021-22	2022-23
Installed Capacity (In Nos)	2,81,621	3,07,550*	3,58,000*
Actual Production (In Nos)	87,121	1,82,571	2,28,471
Capacity Utilization (in %)	30.94%	59.36%	63.82%

*\*based on triple shift basis*

*\*\*During the year 2021, the production started in the company post the acquisition of the assets and liabilities from the proprietorship concern of our promoters.*

**B) Forging & Heat Treatment Plant Capacity: -**

Particulars	2020-21**	2021-22	2022-23
Installed Capacity (In Ton)	315	540***	1080*
Actual Production (In Ton)	176.94	395.99	658.39

Capacity Utilization (in %)	56.17%	73.33%	60.96%
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*\*based on triple shift basis*

*\*\*During the year 2021, the production started in the company post the acquisition of the assets and liabilities from the proprietorship concern of our promoters.*

*\*\*\* In FY 2021-22 considered capacity for one shift only. (working hours – 12 hrs. per day)*

*We are using forging and heat treatment capacity for inhouse production also, some forged or heat treatment material are being used as input for the machining plant.*

#### **Collaborations/Tie Ups/ Joint Ventures:**

As on date of the Draft Red Herring Prospectus, our Company does not have any Collaborations/Tie-ups/Joint Ventures.

#### **Export Obligation:**

Our Company does not have any export obligation, as on date of this Draft Red Herring Prospectus.

#### **SALES AND MARKETING:-**

The efficiency of the marketing and sales team is critical to the success of our Company. Our success lies in the strength of our relationship with our customers who have been associated with us for a long time. Our end consumers being industries or business houses, we require to visit them on regular basis. Our promoters and Directors, through their vast experience and good rapport with clients are active in business development activities. Timely and delivery of quality products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, our team regularly interacts with them and focuses on gaining an insight into the additional needs of such customers. Further the company is into B2B segment products are sold through to the industries engaged in the manufacturing of valve for different use.

In future we intend to focus on following marketing strategies:

- a) Focus on existing markets and increasing our customer base.
- b) Continuously holding markets Trends.
- c) Supply of Quality Products.
- d) Fulfillment of Order Quantity

#### **COMPETITION:-**

We operate in a competitive environment. The valve component sector sees a variety of competitors ranging from small players with specific experience to large, well established entities. Many of our competitors have substantially large capital base and resources than we do and offer broader range products. Currently, the valve component industry remains fragmented. The demands position in the industry is further enhanced by purchasers imposing certain requirements wherein manufacturers are required to be pre-approved before being able to obtain an enquiry. These requirements essentially ensure that only manufacturers who have significant experience and technical expertise will be entitled to obtain enquiries. Our strategy is to focus on achieving cost leadership by improving the operational efficiency through R&D as well as cost rationalization initiatives. Our efforts are also focused on developing quality products with strict adherence to the customer requirements, which we believe will help us in improving our profit margins and market share. There are no listed companies in the peer group which are strictly comparable to us with respect to the industry in which we operate and size of our Company, which can be taken as competitors.

#### **Infrastructure & Utilities:**

- a) **Raw Materials** – The principal components/raw materials required in the manufacturing process carbon steel, stainless steel, nickel alloy steel, alloy steel, duplex, super duplex steel, brass & aluminum in different shapes, sizes and grades (like bars, rods, solid balls & billets) which are dependent on the specifications provided by the customers. All the above mentioned parts/raw materials are procured from domestic market. The procurement team is entrusted with the assessment of raw materials requirements and based on the requirement, our Company calls for the quotations from several suppliers of raw materials. Suppliers are selected through the process of negotiations & the lead- time required in supply of the material. We also undertake routine checks at the time of material receipt at our facility to ensure that the material being procured meets our stringent standards of quality.

- b) **Power** – The requirement of power for our operations, like power for running and operating the machinery/equipment is met through Maharashtra State Electricity Distribution Co. Ltd. for both our factory premises.
- c) **Water** – The manufacturing process does not have major water requirements. Our water requirement is for general purpose only. Water requirement is fulfilled through local government sources.

**PLANT & MACHINERY:-**

We have installed sufficient plant & machinery in our manufacturing units for manufacturing of different grades, size and quality of valve components. We have installed a forging plant at our manufacturing unit located at Bhosari which is equipped with a 1.5 Metric Tonne Closed Die Hammer & HT Furnaces (Electric PLC Controlled Pusher Type Continuous Furnace) which are capable of annealing, hardening & tempering and normalizing metal bars etc. Apart from this we have recently installed a machining plant located at Chakan, Pune having an area of approx. 3075 sq mtrs. Having 2 floored machine shop for manufacturing valve components. The Plant at Chakan, Pune is equipped with Overhead Cranes, Lifts, Centralized Air & Coolant Line, Hydrotest Rig, CNC Machines, VMC Machines, SPM Ball Machines, HMC Machines, Ball Grinding Machines, CNC VTL Machines & VTL Machine which have enabled us to provide machining solutions in varied sectors and manufacturing valve components of different specifications provided by the customers.

**QUALITY MEASURES**

Adherence to the quality of the valve components and strict adherence to the customer’s specification is a key requirement for our success. We have stringent quality control process for procuring the raw material as well as sale of products to our customers. Repeated orders from customers and increased sales over the years is a testimonial for our capability to deliver and supply our products to a wide range of customers with desired quality and specifications. We have obtained ISO 9001:2015 for Quality Management System issued by DNV – Business Assurance. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

**EMPLOYEES:**

We believe that our employees are key contributors to our business success. Our senior management team consists of experienced individuals with diverse skills in manufacturing, engineering, and finance. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth.

As on March 31, 2023, we have 148 employees (including Registered Office Staff and Factory premises) on payroll and our Company hires contract labour in our factories as per requirement of the work.

**Insurance:**


Our business is subject to loss due to theft or occurrence of any unforeseen event such as fire, earthquake, other natural calamities, terrorism and force majeure during storage, production or dispatch of goods to customers. These acts can cause our products subject to severe damage, loss of inventory or complete destruction of our property. We maintain insurances for the same which include fire insurance for finished stock, building, components & plant and machinery maintained at factory, workman compensation insurance policy and Burglary insurance for goods. We believe that our insurance coverage is adequate for our business needs and operations, however, our insurance policies may not be sufficient to cover our economic loss.

**PROPERTY:-**

**Intellectual Property**

**Our Trademarks**

Sr. No.	Brand Name/Logo/ Trademark	Class	TM Name and Logo	Owner*	Trademark No./ Application No./ Registration Certificate No.	Date of Application	Current Status

1	 Shri Balaji Valve Components Pvt. Ltd Delivering Precision with Reliability	6 valves & cocks and gun metal and other goods	Shri Balaji Valve Components Pvt Ltd	Laxmikant Sadashiv Kole	5767838	17/01/2023	Marked for Exam
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*\*the company is using the above trademark vide an NOC dated June 10, 2023 issued by the Promoter of the company Laxmikant Sadashiv Kole in favour of the company.*

**Properties**

The following table sets forth the location and other details of the properties of our Company

Sr. No	Location	Owned/ Rented	Purpose of Use	Description
1	Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501	Owned	Registered Office & Factory Unit	The Company acquired this property through Agreement dated April 09, 2014. The company executed the final Lease deed on February 13, 2020. The Lease is valid for the period of 95 years with effect from April 01, 2014.
2	Plot No. 306, Sector 10, PCNTDA, Bhosari Industrial Estate, MIDC, Bhosari, Pune, Maharashtra	Rented	Forging and Heat treatment Plant	The company has taken the said premises on lease for a period of 5 years starting from 01.04.2020 to 31.03.2025 through a registered Lease deed dated 19.05.2020 at monthly rent of Rs. 75,000/-
3	Plot No - PAP B 130 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501	Owned	Future expansion	This property was allotted by MIDC on license basis to Mr. Bhagwan Ramchandra Dahatonde vide Agreement to Lease dated September 30, 2019 on October 01, 2019, on lease. The Company has paid a sum of Rs 12,91,500/- to MIDC towards premium for allotment of this plot.
4	Plot No - PAP B 134 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501	Owned	Future expansion	The Company acquired this property through Supplement Agreement to lease dated May 17, 2023. The Company has acquired one part of the plot admeasuring 2005 Sq Mtrs while the other part of 500 Sq Mtr will remain with the Original Lessee. MIDC shall execute the Lease Deed with Company upon fulfilment of conditions specified by MIDC

*Apart from stated above, the Company has paid a sum of Rs. 57,72,000/- to MIDC towards part of premium for allotment of a plot in Chakan Industrial Area Phase II on June 20, 2023. The Company is yet to execute the Lease Deed in its favour.*

## **KEY INDUSTRY REGULATIONS AND POLICIES**

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled “Government and other Approvals” on page 179 of this Draft Red Herring Prospectus -*

This chapter has been classified as under:

1. Core Business Laws
2. Corporate and Commercial laws
3. Labour and Employment Laws
4. Environmental laws
5. Tax Laws
6. Foreign Exchange Regulations
7. Intellectual Property Laws

### **A. CORE BUSINESS LAWS**

#### **Steel and Steel Products (Quality Control) Order, 2020 (“Quality Control Order”)**

The Quality Control Order was notified by Ministry of Steel and published in Official Gazette of India on May 27, 2020 in supersession of the earlier issued Steel and Steel Products (Quality Control) Order, 2018 and its amendments thereto. The Quality Control Order provides that every steel and steel products shall bear a standard mark under the license given by Bureau of Indian Standards (the “BIS”). Also the BIS shall be the certifying and enforcing authority in respect of steel and steel products. Further, the Quality Control Order provides schedule of Indian Standards to be followed with respect of various steel and steel products.

#### **The Bureau of Indian Standards Act, 2016**

The Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. Enabling provisions have also been made for making hallmarking of the precious metal articles mandatory.

### **B. CORPORATE AND COMMERCIAL LAWS**

#### **Companies Act, 2013**

Companies Act primarily regulates the formation, financing, functioning and restructuring of separate legal entity as companies. The Act provides regulatory and compliance mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. The provisions of the Act state the eligibility, procedure and execution for various functions of the company, the relation and action of the management and that of the shareholders. The law lays down transparency, corporate governance and protection of shareholders & creditors. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

#### **Competition Act, 2002**

The Competition Act, 2002 came into effect on June 1, 2011 and has been enacted to “prohibit anti- competitive agreements, abuse of dominant positions by enterprises” and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The Act prohibits Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India.

#### **Indian Contract Act, 1872**

Indian Contract Act codifies the way we enter into a contract, execute a contract, implementation of provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced as amended from time to time. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them.

### **Negotiable Instruments Act, 1881**

In India, any negotiable instruments such as cheques are governed by this Act, Section 138 of the Act, makes dishonour of cheques a criminal offence if the cheque is dishonoured on the ground of insufficiency of funds in the account maintained by a person who draws the cheque which is punishable with imprisonment as well as fine.

### **The Registration Act, 1908 (“Registration Act”)**

The Registration Act was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

### **Indian Stamp Act, 1899 (the “Stamp Act”)**

Under the Indian Stamp Act, 1899 (the “Stamp Act”) stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### **The Arbitration and Conciliation Act, 1996**

This act was enacted by Parliament in the Forty-seventh Year of the Republic of India to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation.

### **The Insolvency and Bankruptcy Code, 2016**

The Insolvency and Bankruptcy Code, 2016 (the “code”) cover Insolvency of individuals, unlimited liability partnerships, Limited Liability partnerships (LLPs) and companies. The Insolvency Regulator (The Insolvency and Bankruptcy Board of India) has been established to exercise regulatory oversight over (a) Insolvency Professionals, (b) Insolvency Professional Agencies and (c) Information Utilities.

## **C. LABOUR AND EMPLOYMENT LAWS**

### **Industrial (Development and Regulation) Act, 1951**

This Act has been liberalized under the New Industrial Policy dated July 24th, 1991, and all industrial undertakings have been made exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum (“IEM”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### **Factories Act, 1948 (“Factories Act”)**

The Factories Act, 1948 defines a “factory” to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, where a manufacturing process is being

carried on without the aid of power. State Governments have the authority to formulate rules in respect of matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. It provides such safeguards of workers in the factories as well as offers protection to the exploited workers and improves their working conditions. The penalties for contravention of the Factories Act include fine and imprisonment for the 'occupier' or 'manager' as defined under the Factories Act, and enhanced penalties for repeat offences and contravention of certain provisions relating to use of the hazardous materials.

### **Maharashtra Factories Rules, 1963.**

The Factories Act is a social legislation that has been enacted for occupational safety, health, and welfare of workers at work place. The State of Maharashtra has formulated its rules as envisaged under the Act and they are known as The Maharashtra Factories Rules, 1963. The Maharashtra Labour and Employment Department issued the Maharashtra Factories (Amendment) Rules, 2021 to further amend the Maharashtra Factories Rules, 1963.

### **Maharashtra Labour Welfare Fund Act, 1963**

The Maharashtra Labour Welfare Fund Act, 1963 came into effect on June 17, 1963 and it was adopted and modified by the Bombay Labour Welfare Board (Reconstitution) Order, 1969. This was an Act to provide for the constitution of a fund for the financing of activities to promote welfare of labour in the State of Maharashtra. The Maharashtra Labour Welfare Fund is constituted for the purpose of providing financial and social security to the labourers working in the establishments. The fund is utilized absolutely for the welfare purposes of the labourers such as uplifting their standards of living to meet the basic standards, improving their working conditions etc. In the case of failure the notice will be issued to employer to pay amount on time by welfare Commissioner. If the employer subsequently fails to make the required amount then for 1st 3 months interest at 1.5% of the said unpaid amount and after that interest at 2% of the unpaid amount.

### **The Micro, Small and Medium Enterprises Development Act, 2006**

The Act provides for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. The Central Government is empowered to classify by notification, any class of enterprises including inter-alia, a company, a partnership, firm or undertaking by whatever name called, engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 as: (i) a micro enterprise, (ii) a small enterprise, or (iii) a medium enterprise, as per criteria mentioned in the said Act. The MSMED Act inter-alia stipulates that any person who intends to establish, a micro or small enterprise or a medium enterprise engaged in rendering of services, may at his discretion and a medium enterprise engaged in the manufacture or production of goods as specified hereinabove, file a memorandum of micro, small or medium enterprise, as the case may be, with the prescribed authority.

### **The Maharashtra Fire Prevention and Life Safety Measures Act, 2009**

An Act to make effective provisions for the fire prevention, safety and protection of life and property, in various types of buildings and temporary structures or shamiyana or tents or mandap likely to cause a risk of fire in different areas in the State of Maharashtra and for matters connected therewith or incidental thereto. Whereas it is expedient to make effective provisions for the fire prevention, safety and protection of life and property in various types of buildings and temporary structures or shamiyana or tents or mandap likely to cause a risk of fire, in different areas in the State of Maharashtra, fire service fee, constitution of a special fund and for the purposes connected therewith or incidental thereto;

### **Child Labour (Prohibition and Regulation) Act, 1986**

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act, the employment of child labour in the building and construction industry is prohibited.

### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act")**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides for the protection of women at work place and prevention of sexual harassment at work place. The Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical,



verbal or non-verbal conduct of sexual nature. The Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs. 50,000/- (Rupees Fifty Thousand Only).

**The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (“EPF Act”) and the schemes formulated there under (“schemes”)**

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPF Act") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPF Act provides for the institution of provident funds and pension funds for employees in establishments where more than 20 (twenty) persons are employed and factories specified in Schedule I of the EPF Act. Under the EPF Act, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

**The Employees State Insurance Act, 1948**

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department. The Employees' State Insurance Rules, 1950 ensure implementation of the provisions of the Employees' State Insurance Act, 1948.

The other labour laws applicable to the Company are:

- Minimum Wages Act, 1948
- Payment Of Wages Act, 1936
- Employees’ Compensation Act, 1923
- Payment Of Gratuity Act, 1972
- Payment Of Bonus Act, 1965
- Industrial Disputes Act, 1947
- The Maternity Benefit Act, 1961
- The Equal Remuneration Act, 1976 And Equal Remuneration Rules, 1976
- The Child and Adolescent Labour (Prohibition And Regulation) Act, 1986
- Apprentices Act, 1961

The Government of India has consolidated 29 central Labour laws into four Codes namely Code of Wages 2019, The Code on Social Security, 2020, The Industrial Relations Code, 2020 and Occupational Safety, Health and Working Conditions Code, 2020. All these codes have received the assent of President of India but none of them has been made effective till date. Brief descriptions of each of the codes are given below:

**Code of Wages, 2019**

The Code aims to consolidate the laws relating to wages and bonus and matters connected therewith or incidental thereto. It received the assent of President of India on August 08, 2019. The Code contains procedure for fixing minimum wage, limit for fines and deductions in wages, minimum and maximum bonus, calculation of allocable and available surplus, as well as gender neutral consideration in fixing wages. The Code has given the power to Central Government to fix a “floor wage” and the State governments cannot fix any minimum wage less than the “floor wage”. It amalgamates and subsumes four imperative labour laws - the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The date of implementation of the Code is yet to be notified.

### **The Code on Social Security, 2020**

This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. The Code aims to provide better social security benefits such as provident fund, insurance and gratuity to workers. It extends the reach of the Employees' State Insurance Corporation and the Employees' Provident Fund Organization (which regulate benefits such as provident fund, insurance, pension, etc.) to the workers in the unorganized sector and the platform and gig workers. The Code further stipulates gratuity benefit for fixed term employees without any condition for minimum service period as envisaged under the current regime. The Code subsumes nine (9) labour laws relating to social security, namely, the Employees' Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Cine-Workers Welfare Fund Act, 1981, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganized Workers Social Security Act, 2008.

### **The Industrial Relations Code, 2020**

This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. The Code aims to streamline the laws regulating industrial disputes and trade unions in India. For the benefit of the employers, the Code has introduced various aspects such as increasing the threshold of workers to three hundred (300) for obtaining the consent of the concerned government in case of lay off, retrenchment or closure of the establishment, notice of change not required to be given subject to the conditions stipulated in the Code, increasing the wage threshold to INR 18,000 (Indian Rupees Eighteen Thousand) for exclusion from the definition of worker, etc. The Industrial Relations Code also introduces the concept of deemed certification of standing orders. The Code subsumes three labour laws relating to industrial relations, namely, the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

### **Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code) is one of three new labor codes that will consolidate the bulk of labor legislation in India and streamline labor compliance besides expanding the social security net for workers. This Code received the assent of President of India on September 28, 2020 though the implementation of the same is yet to be notified. Rules to implement the Code are expected to be finalized in the next few weeks.

New establishments covered by the OSH Code must register themselves (within 60 days of commencement of the Code) with registering officers appointed by the appropriate government. Establishments already registered under any other federal law will not be required to register again.

Every employer is directed to undertake the following obligations by the OSH Code:

- Ensure that the workplace is free from hazards can cause injury or occupational disease to the employees and comply with the OSH Code and the government's directions on the same;
- Provide free annual health examination or testing, free of cost, to certain classes of employees;
- Provide and maintain, as reasonably practical, a working environment that is safe and without risk to the health of the employees;
- Issue letters of appointments to employees; and
- Ensure that no charge is levied on any employee for maintenance of safety and health at workplace, including the conduct of medical examination and investigation for the purpose of detecting occupational diseases.

Further, the Code directs employers with respect to factories, mines, dock work, building and other construction work, or plantations to ensure: (i) safety arrangements in the workplace and absence of risk to health in connection with the use, storage, and transport of articles and substances; (ii) provision of such information, instruction, training, and supervision as are necessary to ensure the health and safety of all employees at work, etc. This Code shall subsume more than 10 labour laws including Factories Act 1948, Contract Labour Act 1970 and Mines Act 1952.

## **D. ENVIRONMENTAL LAWS**

### **Environment Protection Act, 1986**

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment"

defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

**Environment (Protection) Rules, 1986 (“Environment Rules”)**

The Environment Rules were notified by the Central Government, in exercise of its powers under the Environment Act. Pursuant to the Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 or Air (Prevention and Control of Pollution) Act, 1981, shall submit to the concerned Pollution Control Board (“PCB”) an environmental statement for that financial year in the prescribed form.

**The Noise Pollution (Regulation & Control) Rules 2000 (“Noise Regulation Rules”)**

The Noise Regulation Rules regulate noise levels in industrial, commercial and residential zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

**Water (Prevention and Control of Pollution) Act, 1974, as amended**

The Water (Prevention and Control of Pollution) Act, 1974 prohibits the discharge of pollutants into water bodies beyond a given standard, and lays down penalties for non-compliance. The Water Act also provides that the consent of the State Pollution Control Board must be obtained prior to opening of any new outlets or is charges, which is likely to discharge sewage or effluent.

**The Water (Prevention and Control of Pollution) Cess Act, 1977**

Provides for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution constituted under the Water (Prevention and Control of Pollution) Act, 1974.

**The Air (Prevention and Control of Pollution) Act, 1981**

The Air (Prevention and Control of Pollution) Act, 1981 requires that any individual or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. National Ambient Air Quality Standards (NAAQS) for major pollutants were notified by the Central Pollution Control Board in April 1994.

**Hazardous and other Wastes (Management and Trans boundary Movement) Rules, 2016 (“HW Rules”)**

The HW Rules impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes through a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, inter alia, in the generation, processing, treatment, package, storage and disposal of hazardous waste is required to obtain an authorization from the relevant state PCB for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste. The new HW Rules as compared to the Rules of 2008 have enlarged the scope of regulated wastes by including ‘other wastes’ in its ambit. Other wastes include: Waste tyre, paper waste, metal scrap, used electronic items, etc. and are recognized as a resource for recycling and reuse. These resources supplement the industrial processes and reduce the load on the virgin resource of the country.

**E. TAX LAWS**

**Income Tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act.

**Maharashtra State Tax on Profession, Trades, Callings and Employment Act, 1975 (Maharashtra Act No. 16 of 1975)**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

### **Goods and Services Tax**

The Central Goods and Services Tax Act, 2017 received assent of the President on 12th April 2017 and came into force from 1st July 2017. Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India such as Service tax, Central Excise Act, Entry Tax, Octroi, Additional customs duty and other draconian indirect taxes. There are 3 taxes applicable under this system- CGST, SGST, IGST.

CGST: is collected by the Central Government on an intra-state sale;

SGST: Collected by the State Government on an intra-state sale;

IGST: Collected by the Central Government for inter-state sale.

Therefore, in addition to the CGST Act, the company has to comply with the requirements of State GST laws as well in which it has operations.

Following laws which have been subsumed in GST Act were applicable to the Company till 30th June 2017 and shall remain applicable here after as stated in the GST Act.

### **Central Excise Act, 1944 and Excise Regulations**

The Central Excise Act, 1944 sought to impose an excise duty on excisable goods which are produced or manufactured in India. Excise duty was levied on production of goods but the Liability of excise duty arose only on removal of goods from the place of storage, i.e., factory or warehouse.

### **Central Sales Tax Act, 1956**

Central Sales Tax ("CST") was levied in accordance with the Central Sales Tax Act, 1956 on movable goods sold in the course of inter-state trade or commerce. CST was payable by a dealer (i.e. a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate.

### **State laws governing Entry Tax**

Entry Tax provides for the levy and collection of tax on the entry of goods into the local areas of the state for consumption, use or sale therein and matters incidental thereto and connected therewith. It was levied at such rate as may be specified by the State Government and different rates may be specified for different goods.

### **Service Tax, (the 'Finance Act, 1994')**

Service tax was charged on taxable services as defined in Chapter V of Finance Act, 1994, which required a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government.

There are other indirect taxes which are now subsumed under GST and these are Additional Duties of Excise, Cess, Purchase Tax, Taxes on advertisements.

### **The Maharashtra Goods and Services Act, 2017**

The Maharashtra Goods and Services Act, 2017 contains provisions for the levy and collection of tax on intra-state supply of goods or services or both. It lays down eligibility and conditions for taking input tax credit, provisions relating to audit, inspection, search, seizure, arrest, demands and recovery and also prescribes penalties for offences under the Act.

#### **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code).

### **F. FOREIGN EXCHANGE REGULATIONS**

#### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992 [herein after FTA], provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto. As per the provisions of the FTA, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import Policy. FTA read with the Indian Foreign Trade Policy inter-alia provides that no export or import can be made by a company without an Importer-Exporter Code number unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce.

#### **Foreign Exchange Management Act, 1999 (“the FEMA”) and Rules and Regulations thereunder**

Export of goods and services outside India is governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), read with the applicable regulations. The Foreign Exchange Management (Export of goods and services) Regulations, 2000 have been superseded by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 ("Export of Goods and Services Regulations 2015") issued by the RBI on January 12, 2016 [last amended on June 23, 2017]. The RBI has also issued a Master Circular on Export of Goods and Services. The export is governed by these Regulations which make provisions such as declaration of exports, procedure of exports as well as exemptions.

### **G. INTELLECTUAL PROPERTY LAWS**

#### **The Trademarks Act, 1999 (“Trademarks Act”)**

Under the Trademarks Act, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

**HISTORY AND CORPORATE STRUCTURE**

**Brief history of our Company**

Our Company was originally incorporated on November 17, 2011, as a private limited Company under the name and style of Shri Balaji Valve Components Private Limited under the provisions of Companies Act, 1956 with the Registrar of Companies, Pune Maharashtra bearing registration no 141370. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” vide fresh certificate of incorporation dated July 10, 2023, issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is U29220PN2011PLC141370.

Laxmikant Sadashiv Kole and Madhuri Laxmikant Kole were the initial subscribers to the Memorandum of Association of our Company.

**Address of the Registered Office:**

<b>Registered Office</b>	Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, Pune, Maharashtra, India, 410501.
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**Changes in Registered Office of the Company:**

Except as disclosed below, there has been no change in our Registered Office since incorporation.

Effective date	From	To	Reason for change
26-Jul-22	Plot No: 188, Sector No: 7, PCNTDA, Bhosari Industrial Estate, MIDC, Bhosari, Pune, Maharashtra	Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, NA Pune, Maharashtra, India, 410501.	Administrative Convenience

**Main Objects of Memorandum of Association:**

The main objects of our Company as contained in our Clause III(A) of Memorandum of Association of our Company are as follows:

- a) The company shall engage in or carry on business of manufacturing, buying, selling, importing, exporting, distribution, representing in and all types of valve components which are made of ferrous and non-ferrous castings, investment castings, and bar-stock in which machining of castings /bar stock/ forgings, welding, phosphating, coating, profile cutting, electroless nickel plating (ENP), subassembly, painting and assembly activity will be involved as per customers requirement.

**Amendments to the Memorandum of Association**

Except as stated below, there has been no change in the Memorandum of Association of our Company since its incorporation:

Date of Meeting	Type of Meeting	Amendments
May 30, 2023	EGM	Increase in the authorized share capital of the Company from ₹1.00 Lakh divided into 10,000 Equity Shares of ₹ 10/- each to ₹850.00 Lakhs divided into 85,00,000 Equity Shares of ₹10/- each.
June 26, 2023	EGM	New Set of Memorandum of Association in line with Companies Act, 2013 adopted vide Special Resolution passed in the Extra Ordinary General Meeting of Shareholders
June 26, 2023	EGM	Conversion of our Company from Private Limited to Public Limited Company. Consequently name of the Company has been changed from ‘Shri Balaji Valve Components Private Limited’ to ‘Shri Balaji Valve Components Limited’ and fresh Certificate of Incorporation Consequent upon conversion to Public Limited Company issued dated July 10, 2023 bearing CIN U29220PN2011PLC141370 was issued by Registrar of Companies, Pune, Maharashtra.

**Major events and milestones of our Company:**

The table below sets forth some of the major events in the history of our company:

<b>Year/ F.Y.</b>	<b>Key Events/ Milestone/ Achievements</b>
2011	Incorporation of our Company as “Shri Balaji Valve Components Private Limited” under the Companies Act, 1956.
2020 & 2021	Acquisition of assets and liabilities from the proprietorship of our Promoters namely M/s Balaji Enterprises & M/s Shrinivas Engineering.
2022	Established the Machining plant at Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli, NA Pune, Maharashtra, India, 410501.
2023	Change in the name of our Company from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” pursuant to conversion of Company from Private to Public.

**Our holding company:**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

**Our Subsidiaries and Joint Ventures:**

As on date of this Draft Red Herring Prospectus, our Company does not have any Subsidiaries, joint ventures or Associates.

**Accumulated profits or losses**

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of the company that have not been accounted for or consolidated by our Company.

**Strategic or Financial Partnerships:**

As on the date of this Draft Red Herring Prospectus, Our Company does not have any strategic or financial partnerships.

**Time and Cost Overruns in Setting up Projects:**

There has been no time/ cost overrun in setting up projects by our Company.

**Other details about our Company:**

For details of our Company’s activities, products, growth, awards & recognitions, capacity, location of plants, technology, marketing strategy, competition and our customers, please refer section titled “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Basis for Issue Price” on pages 84, 165 and 71 respectively of this Draft Red Herring Prospectus. For details of our management and managerial competence and for details of shareholding of our Promoters, please refer to sections titled “Our Management” and “Capital Structure” beginning on page 109 and 53 of the Draft Red Herring Prospectus respectively.

**Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks:**

There have been no defaults or rescheduling of borrowings with any financial institutions/banks as on the date of the Draft Red Herring Prospectus.

**Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc.**

Except for the acquisition of the assets and liabilities from the proprietary business of Laxmikant Sadashiv Kole known as Balaji Enterprises and Madhuri Laxmikant Kole known as Shrinivas Engineering, our Company has not made any material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years preceding the date of this Draft Red Herring Prospectus.

**Shareholders Agreements**

There are no subsisting shareholder’s agreements among our shareholders in relation to our Company, to which our Company is a party or otherwise has notice of the same as on the date of the Draft Red Herring Prospectus.

**Agreement with key managerial personnel or Directors or Promoters or any other employee of the Company**

There are no agreements entered into by key managerial personnel or Directors or Promoters or any other employee, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

**Other Material Agreements**

Our Company has not entered into any subsisting material agreements including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of the Company.



**OUR MANAGEMENT**

**Board of Directors:**

The following table sets forth the details regarding the Board of Directors of our Company as on the date of filing of this Draft Red Herring Prospectus:

Name, designation, age, date of birth, address, experience, occupation, qualification, current term, date of appointment and DIN	Other directorships
<p><b>Laxmikant Sadashiv Kole</b>  <b>Designation:</b> Chairman &amp;-Managing Director  <b>Age:</b> 57 years  <b>Date of Birth:</b> April 08, 1966  <b>Address:</b> R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018.  <b>Experience:</b> 30 years  <b>Occupation:</b> Business  <b>Qualification:</b> Diploma in Mechanical Engineering  <b>Current Term:</b> Re-designated as CMD on July 24 , 2023 for a period of 3 years, w.e.f. July 31, 2023, not liable to retire by rotation.  <b>Period of Directorship:</b> Since November 17, 2011  <b>DIN:</b> 05110323</p>	<p>NIL</p>
<p><b>Madhuri Laxmikant Kole</b>  <b>Designation:</b> Non-Executive Director  <b>Age:</b> 51 years  <b>Date of Birth:</b> August 15, 1972  <b>Address:</b> R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018.  <b>Experience:</b> 20 years  <b>Occupation:</b> Business  <b>Qualification:</b> Bachelors of Commerce  <b>Current Term:</b> Designated as Non-Executive Director w.e.f. July 31, 2023, Liable to retire by rotation  <b>Period of Directorship:</b> Since November 17, 2011  <b>DIN:</b> 05110326</p>	<p>NIL</p>
<p><b>Shrinivas Laxmikant Kole</b>  <b>Designation:</b> Whole Time Director &amp; CFO  <b>Age:</b> 29 years  <b>Date of Birth:</b> March 01, 1994  <b>Address:</b> R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018.  <b>Experience:</b> 4 Years  <b>Occupation:</b> Business  <b>Qualification:</b> BA (Hons.) in Business Studies with entrepreneurship  <b>Current Term:</b> Re-desingated as Whole time Director on July 24, 2023 appointed for a period of 3 years as Whole Time Director w.e.f. July 31, 2023, liable to retire by rotation  <b>Period of Directorship:</b> Since May 15, 2023  <b>DIN:</b> 10119216</p>	<p>NIL</p>

**Brief Profile of Directors:**

1. **Laxmikant Sadashiv Kole**, aged 57 years is the Promoter, Chairman & Managing Director of our Company He has been on the Board since incorporation. He is a visionary entrepreneur and has played a pivotal role in expanding business operations of our Company. He holds a Diploma certificate in Mechanical Engineering from Government Polytechnic College, Solapur Maharashtra in 1984. He has a work experience of around 30 years in the valve components industry. Under his leadership and guidance Balaji Enterprises have received Best Financial Management award by TLC in 2017 and Best Supply Chain Practices award in Manufacturing Sector in 2019. He currently looks after the overall management of the Company. He is also involved in charting new growth opportunities for the Company.

2. **Madhuri Laxmikant Kole**, aged 50 years is the Promoter and Non-Executive Director of our Company. She has been on the Board since incorporation. She possesses more than 20 years of experience in the Valve Components Industry. She has completed bachelor of commerce from Marathwada University, Nanded in 1992. She looks after HR and Admin department of the Company.
3. **Shrinivas Laxmikant Kole**, aged 29 years is the Promoter and Whole Time Director of our Company. He possesses 4 years of experience in the Valve Component Industry. He was originally appointed on the board w.e.f. May 15, 2023. He has completed his bachelor of arts (Hons.) in Business Studies with entrepreneurship from Northumbria University, Newcastle in 2019. Further, he is also pursuing Post Graduate certificate in Manufacturing management and analytics from Indian Institute of Management, Trichy. He looks after the Finance and Marketing functions of the Company. He also hold the position as Chief Financial Officer of the Company.

**Confirmations:**

As on the date of this Draft Red Herring Prospectus:

1. None of our Directors 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 Red Herring Prospectus with the SEBI, 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.
3. None of our Directors have been identified as a willful defaulter, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.
4. Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1) (p) of the SEBI ICDR Regulations, and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
5. None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

**Arrangements with major Shareholders, Customers, Suppliers or Others:**

We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our directors were selected as Directors or members of the senior management.

**Service Contracts:** The Directors of our Company have not entered into any service contracts with our company which provides for benefits upon termination of their employment.

**Details of Borrowing Powers of Directors**

Pursuant to a special resolution passed at an Extra-ordinary General Meeting of our Company held on June 26, 2023 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company be and are hereby authorized to borrow monies from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company may exceed in the aggregate, its paid up capital and free reserves and security premium (apart from temporary loans obtained / to be obtained from bankers in the ordinary course of business), provided that the outstanding principal amount of such borrowing at any point of time shall not exceed in the aggregate of ₹ 100 crores (Rupees One Hundred Crores Only).

**Compensation of our Managing Director and Executive Director**

The compensation payable to our Managing Director and Executive Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2(54), 188, 196, 197, 198 and 203 and any other applicable provisions, if any of the

Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force).

**The following compensation has been approved for Managing Director and Executive Director**

Particulars	Laxmikant Sadashiv Kole	Shrinivas Laxmikant Kole
Appointment/Change in Designation	Originally Appointed as Director w.e.f. November 17, 2011; Further re-designated as Chairman & Managing Director w.e.f. July 31, 2023 for a period of 3 Years.	Originally Appointed as Additional Director w.e.f. May 15, 2023; Further appointed as CFO w.e.f. and re-designated as Whole Time Director w.e.f. July 31, 2023 for a period of 3 Years.
Current Designation	Chairman & Managing Director	Whole Time Director & CFO
Terms of Appointment	3 years	3 Years
Remuneration & Perquisites	Rs. 3 Lakhs Per month	Rs. 2 Lakhs per month
Compensation paid in the year 2022-23	Rs. Nil	10.00 Lakh per annum

**Remuneration to our Non-Executive Directors other than Independent Directors**

Our Non-Executive Director, Mrs. Madhuri Laxmikant Kole, is entitled to an annual remuneration of ₹12 lakhs per annum and sitting fees not exceeding 1.00 lakh for attending each meeting of our Board and its Committee. Other than Mrs. Madhuri Laxmikant Kole, none of our Non-Executive Directors receive any remuneration from our Company, except for reimbursement of expenses incurred for attending the meetings of our Board and its committees.

**Bonus or Profit Sharing Plan for our Directors:**

We have no bonus or profit sharing plan for our directors.

**Sitting Fees:**

The Articles of Association of our Company provides for payment of sitting fees to Directors (other than Managing Director & Whole-time Directors), not exceeding Rs. 1.00 Lac to be fixed by Directors from time to time, for attending a meeting of the Board or a Committee thereof. Our Board of Directors have resolved in their meeting dated August 04, 2023 or payment of an amount not exceeding Rs. 1.00 Lac as approved by the Board to all Non-executive Directors for attending each such meeting of the Board or Committee thereof.

**Shareholding of our Directors as on the date of this Draft Red Herring Prospectus: -**

Sr. No.	Name of the Directors	No. of Shares Held	Holding in %
1.	Laxmikant Sadashiv Kole	30,00,000	50.00
2.	Madhuri Laxmikant Kole	29,99,981	49.99
3.	Shrinivas Laxmikant Kole	5	Negligible
	<b>Total</b>	<b>59,99,986</b>	<b>100.00</b>

*None of the Independent Directors of the Company holds any Equity Shares of Company as on the date of this Draft Red Herring Prospectus.*

For details of our subsidiary Company as defined under Section 2(6) of the Companies Act, 2013 and details of the directorship held in the Subsidiary Companies refer chapter titled “**History and Corporate Matters**” beginning on page 106 of this Draft Red Herring Prospectus.

Our Articles of Association do not require our directors to hold any qualification Equity Shares in the Company.

**INTEREST OF DIRECTORS**

All the Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them under the Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company. For further details, please refer to Chapter titled “**Our Management**” beginning on page 109 of this Draft Red Herring Prospectus.

Our directors may also be regarded as interested to the extent of their shareholding and dividend payable thereon, if any, and to the extent of Equity Shares, if any held by them in our Company or held by their relatives. Further our director are also interested to the extent of unsecured loans, if any, given by them to our Company or by their relatives or by the companies/ firms in which they are interested as directors/Members/Partners. Further our directors are also interested to the extent of loans, if any, taken by them or their relatives or taken by the companies/ firms in which they are interested as Directors/Members/Partners and for the details of Personal Guarantee given by Directors towards Financial facilities of our Company please refer to **“Statement of Financial Indebtedness”** on page 160 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

Except as stated in this section **"Our Management"** or the section titled **"Financial information of the Company –Annexure Y - Related Party Disclosure"** beginning on page 109 and 152 respectively of this Draft Red Herring Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

**Interest in the property of Our Company:**

Except as stated below, our Directors do not have any interest in any property acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery or any other contract, agreement or arrangement entered into by our Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

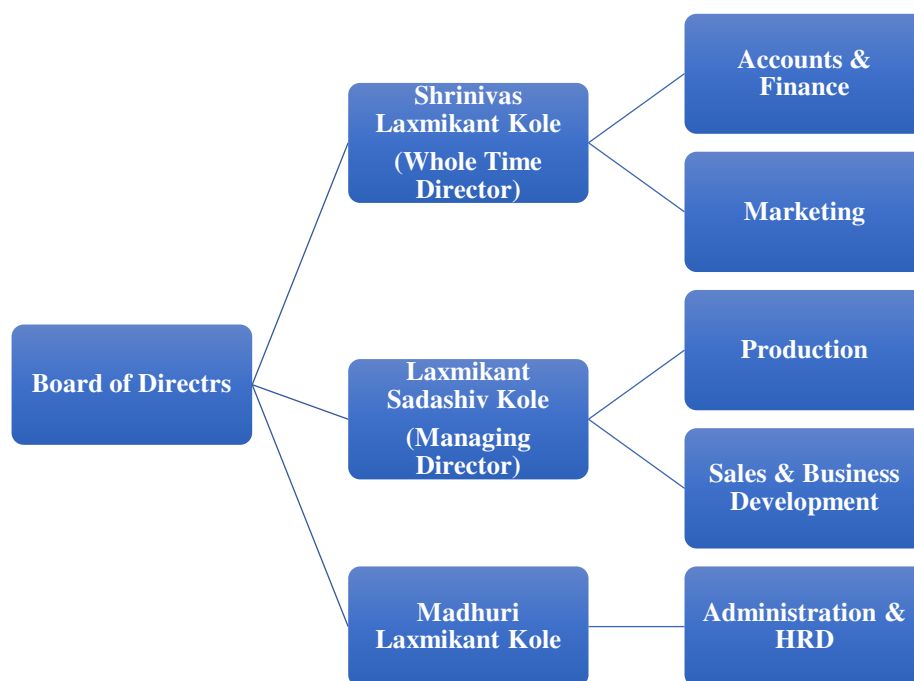
Address	Use	Owner details	Terms
Plot No. 306, Sector 10, PCNTDA, Bhosari Industrial Estate, MIDC, Bhosari, Pune, Maharashtra	Manufacturing Unit	Laxmikant Sadashiv Kole	Vide Leave and License Agreement executed on March 16, 2020 for a period of 60 Months starting from 01/04/2020 between Laxmikant Sadashiv Kole (Licensor) and our Company (Licensee). The fees payable towards such agreement is Rs. 75,000 per month.

**Changes in Board of Directors in Last 3 Years**

Sr. No.	Name of Director	Date of Appointment / Re - Appointment	Reasons for Change
1	Laxmikant Sadashiv Kole	Re-designated as Chairman & Managing Director w.e.f. July 31, 2023 for a period of 3 years	To ensure better Corporate Governance and compliance with Companies Act, 2013
2	Madhuri Laxmikant Kole	Re-designated as Non-Executive Director w.e.f. July 31, 2023 for a period of 3 years.	
3	Shrinivas Laxmikant Kole	Appointed as Additional Director w.e.f. May 15, 2023, Further Re-designated as Whole Time Director w.e.f. July 31, 2023 for a period of 3 years	

**MANAGEMENT ORGANISATION STRUCTURE**

The following chart depicts our Management Organization Structure: -



## COMPLIANCE WITH CORPORATE GOVERNANCE

As per the applicable provisions of the Companies Act, 2013, upon listing, we are required to follow the corporate governance norms such as appointment of one third of the Board as Independent Directors and constitution of certain committees, which will be applicable to our Company immediately upon the listing of our Company's Equity Shares on BSE SME. Thus, the requirements pertaining to (a) Appointment of one-third of the Board as Independent Directors and (b) constitution of the committees such as the Audit Committee, Nomination and Remuneration Committees, Stakeholders Relationship Committee will be complied before filing of Red Herring Prospectus with ROC, Pune and BSE Limited.

### Policy on Disclosures & Internal procedure for prevention of Insider Trading:

The provisions of Regulation 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue. Our Board is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

## KEY MANAGERIAL PERSONNEL

Our Company is supported by a team of professionals having exposure to various operational aspects of our business. A brief detail about the Key Managerial Personnel of our Company is provided below:

Name, Designation & Educational Qualification	Age (Years)	Year of joining	Compensation paid for F.Y. ended 2022-23 (in Rs. Lacs)	Overall experience (in years)	Previous employment
<b>Laxmikant Sadashiv Kole</b> <b>Designation:</b> Chairman and Managing Director <b>Educational Qualification:</b> Diploma in Mechanical Engineering <b>Term of office:</b> 3 years w.e.f. July 31, 2023	57	2011	-	30	Balaji Enterprises
<b>Shrinivas Laxmikant Kole</b> <b>Designation:</b> Whole Time Director & CFO	29	2023	10.00	4	-

<b>Educational Qualification:</b> B.A (Hons.) in Business studies with Entrepreneurship <b>Term of office:</b> 3 years w.e.f. July 31, 2023					
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#### **BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL**

**Laxmikant Sadashiv Kole-** Please refer to section “**Brief Profile of our Directors**” beginning on page 109 of this Draft Red Herring Prospectus for details.

**Shrinivas Laxmikant Kole-**Please refer to section “**Brief Profile of our Directors**” beginning on page 109 of this Draft Red Herring Prospectus for details.

#### **We confirm that:**

- All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- None of our KMPs except Laxmikant Sadashiv Kole and Shrinivas Laxmikant Kole is also part of the Board of Directors.
- In respect of all above mentioned Key Managerial Personnel there has been no contingent or deferred compensation accrued for the year ended March 2023.
- Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements or service contracts (including retirement and termination benefits) with the issuer.
- Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.
- None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Red Herring Prospectus except as under: -

<b>Sr. No.</b>	<b>Name of the KMP's</b>	<b>No. of Shares held</b>
1	Laxmikant Sadashiv Kole	30,00,000
2	Shrinivas Laxmikant Kole	5
	Total	30,00,005

- Presently, we do not have ESOP/ESPS scheme for our employees.
- The turnover of KMPs is not high, compared to the industry to which our company belongs.

#### **Nature of any family relationship between our Directors and Key Managerial Personnel (KMP)**

The Directors and KMPs of the Company are related to each other within the meaning of section 2 (77) of the Companies Act, 2013. Details of which are as follows:.

<b>Sr. No.</b>	<b>Name of the Director/ KMP</b>	<b>Relationship with other Directors/ KMP's</b>
1	Laxmikant Sadashiv Kole	Spouse of Madhuri Laxmikant Kole and father of Shrinivas Laxmikant Kole
2	Madhuri Laxmikant Kole	Spouse of Laxmikant Sadashiv Kole and Mother of Shrinivas Laxmikant Kole
3	Shrinivas Laxmikant Kole	Son of Laxmikant Sadashiv Kole and Madhuri Laxmikant Kole

#### **Payment of benefits to officers of Our Company (non-salary related)**

Except as disclosed in this Draft Red Herring Prospectus and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance

#### **Changes in the Key Managerial Personnel in last three years:**

There have been no changes in the Key Managerial Personnel of our Company during the last 3 (three) year except as stated below:

Sr. No.	Name of Director	Designation and period	Appointment/Cessation/Re-designation	Reasons
1.	Laxmikant Sadashiv Kole	Change in Designation as Chairman & Managing Director w.e.f. July 31, 2023	Re-designation	To comply with the provisions of Companies Act 2013 and to ensure better Corporate Governance.
2.	Shrinivas Laxmikant Kole	Change in Designation as whole Time Director w.e.f. July 31, 2023	Re-designation	
3.	Shrinivas Laxmikant Kole	Appointed as Chief Financial Officer w.e.f. July 24, 2023	Appointment	

### **Interest of Our Key Managerial Persons**

Apart from the shares held in the Company and to extent of remuneration allowed and reimbursement of expenses incurred by them for or on behalf of the Company and to the extent of loans and advances made to or borrowed from the Company, none of our key managerial personal are interested in our Company. For details, please refer section titled "Financial information of the Company – Annexure Y - Related Party Disclosures" beginning on page 152 of this Draft Red Herring Prospectus.

### **Interest in the property of our Company**

Our KMPs do not have any interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing the Red Herring Prospectus/Prospectus with RoC. Except as stated hereunder:

Address	Use	Owner details	Terms
Plot No. 306, Sector 10, PCNTDA, Bhosari Industrial Estate, MIDC, Bhosari, Pune, Maharashtra	Manufacturing Unit	Laxmikant Sadashiv Kole	Vide Leave and License Agreement executed on March 16, 2020 for a period of 60 Months starting from 01/04/2020 between Laxmikant Sadashiv Kole (Licensor) and our Company (Licensee). The fees payable towards such agreement is Rs. 75,000 per month.

### **Details of Service Contracts of the Key Managerial Personnel**

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

### **Loans given/availed by Directors / Key Managerial Personnel of Our Company**

For details of unsecured loan taken from or given to our Directors/KMPs and for details of transaction entered by them in the past please refer to “Annexure Y – Related Party Disclosure” page 152 of this Draft Red Herring Prospectus.

### **ESOP/ESPS SCHEME TO EMPLOYEES**

Presently, we do not have any ESOP/ESPS Scheme for our employees.

**OUR PROMOTERS & PROMOTER GROUP**

**Our Promoters:**


The Promoters of our Company is Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole.

As on date of this Draft Red Herring Prospectus, the Promoters, in aggregate, hold 59,99,986 Equity shares of our Company, representing 100% of the pre-issue paid-up Equity Share capital of our Company. For details of the build-up of the Promoters' shareholding in our Company, see "**Capital Structure – History of the Equity Share capital held by our Promoters**", on page 53 of this Draft Red Herring Prospectus.

**Details of our Promoter:**

	<b>Laxmikant Sadashiv Kole – Chairman &amp; Managing Director</b>	
	<b>Qualification</b>	Diploma in Mechanical Engineering
	<b>Age</b>	57 Years
	<b>Date of Birth</b>	April 08, 1966
	<b>Address</b>	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018
	<b>Experience</b>	30 Years
	<b>Occupation</b>	Business
	<b>PAN</b>	ABAPK8085G
	<b>No. of Equity Shares &amp;% of Shareholding (Pre-Issued)</b>	30,00,000 Equity Shares aggregating to 50.00% of Pre-Issued Share Capital
	<b>Other Venture</b>	<b>Directorships in other Companies: NIL</b>  <b>LLP:</b> Vyankatesh Realconstro LLP  <b>Partnership Firm:</b> Saijyot Developers  <b>HUF's:</b> Laxmikant Sadashiv Kole HUF  <b>Proprietorship Firm:</b> Balaji Enterprises
	<b>Madhuri Laxmikant Kole – Non Executive Director</b>	
	<b>Qualification</b>	Bachelors of Commerce
	<b>Age</b>	51 Years
	<b>Date of Birth</b>	August 15, 1972
	<b>Address</b>	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018
	<b>Experience</b>	20 Years
	<b>Occupation</b>	Business
	<b>PAN</b>	AJQPK4849J
<b>No. of Equity Shares &amp;% of Shareholding (Pre-Issued)</b>	29,99,981 Equity Shares aggregating to 49.99% of Pre-Issued Share Capital	



		<p><b>Directorships in other Companies: NIL</b></p> <p><b>LLP: NIL</b></p> <p><b>Partnership Firm: Sanskruti Engineering</b></p> <p><b>HUF's: NIL</b></p> <p><b>Proprietorship Firm: Shrinivas Engineering</b></p>
	<b>Other Venture</b>	
	<b>Shrinivas Laxmikant Kole-Whole Time Director</b>	
	<b>Qualification</b>	B.A (Hons.) in Business studies with Entrepreneurship
	<b>Age</b>	29 Years
	<b>Date of Birth</b>	March 01, 1994
	<b>Address</b>	R.H. No 789, Shrinivas, Sant Dnyaneshwar Nagar, Near SNBP School, Morwadi, Pimpri, Pune City, Pune, Maharashtra, India, 411018
	<b>Experience</b>	4 Years
	<b>Occupation</b>	Business
	<b>PAN</b>	CLWPK1881J
	<b>No. of Equity Shares &amp;% of Shareholding (Pre-Issued)</b>	5 Equity Shares aggregating to 0.00% of Pre-Issued Share Capital
	<b>Other Venture</b>	<p><b>Directorships in other Companies: NIL</b></p> <p><b>LLP: NIL</b></p> <p><b>Partnership Firm: NIL</b></p> <p><b>HUF's: NIL</b></p> <p><b>Proprietorship Firm: NIL</b></p>

For brief biography of our Individual Promoters, please refer to Chapter titled “Our Management” beginning on page 109 of this Draft Red Herring Prospectus.

**Confirmations/Declarations:**

In relation to our Promoters, our Company confirms that the PAN, bank account numbers, passport numbers, Aadhaar card number and driving license number shall be submitted to BSE at the time of filing of this Draft Red Herring Prospectus.

**Undertaking/ Confirmations:**

None of our Promoters or Promoter Group or Group Company or person in control of our Company has been:

- Prohibited or debarred from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority or
- Refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.
- No material regulatory or disciplinary action is taken by any stock exchange or regulatory authority in the past one year in respect of our Promoters, Group Company and Company promoted by the promoters of our company.
- There are no defaults in respect of payment of interest and principal to the debenture/ bond/ fixed deposit holders, banks, FIs by our Company, our Promoters, Group Company and Company promoted by the promoters during the past three years.
- The litigation record, the nature of litigation, and status of litigation of our Company, Promoters, Group company and Company promoted by the Promoters are disclosed in chapter titled “Outstanding Litigations and Material Developments” beginning on page 176 of this Draft Red Herring Prospectus.

- f) None of our Promoters, person in control of our Company are or have ever been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

**Interest of our Promoter:**

**Interest in promotion and shareholding of Our Company:**

Our Promoters are interested in the promotion of our Company and also to the extent of his shareholding and shareholding of their relatives, from time to time, for which they are entitled to receive dividend payable, if any, and other distribution in respect of the Equity Shares held by him and their relatives. As on the date of this Draft Red Herring Prospectus, our Promoters, Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole holds 30,00,000 and 29,99,981 and 5 Equity Shares respectively in our Company i.e., 99.99% of the pre issue paid up Equity Share Capital of our Company. Our Promoters may also be deemed to be interested to the extent of the remuneration, as per the terms of their appointment and reimbursement of expenses payable to them. For details, please refer to Note Y – “Related Party Transactions” beginning on page 152 of this Draft Red Herring Prospectus.

For details regarding the shareholding of our Promoters in our Company, please see “Capital Structure” on page 53 of this Draft Red Herring Prospectus.

**Interest in the property of Our Company:**

Except as stated below or in the Chapter titled “Financial Information of the Company – Annexure Y Related Party Transactions” and “Our Business” beginning on page 152 and 84 of this Draft Red Herring Prospectus, none of our promoter or promoter group entities are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Property	Actual Use	Vendor	Details
Plot No. 306, Sector 10, PCNTDA, Bhosari Industrial Estate, MIDC, Bhosari, Pune, Maharashtra	Manufacturing Unit	Laxmikant Sadashiv Kole	Vide Leave and License Agreement executed on March 16, 2020 for a period of 60 Months starting from 01/04/2020 between Laxmikant Sadashiv Kole (Licensor) and our Company (Licensee). The fees payable towards such agreement is Rs. 75,000 per month.

**In transactions for acquisition of land, construction of building and supply of machinery**

Except for the acquisition of the assets and liabilities during the Fiscal year 2020, from M/s Balaji Enterprises & M/s Shrinivas Engineering i.e., Proprietorship firm of our Promoter namely Laxmikant Sadashiv Kole & Madhuri Laxmikant Kole respectively, we have not undertaken or entered into any transaction for the acquisition of land, construction of building or supply of machinery in which the Promoters are interested.

**Other Interests in our Company**

For transactions in respect of loans and other monetary transactions entered in past please refer **Note Y** on “**Related Party Transactions**” on page 152, forming part of “**Financial Information of the Company**” of this Draft Red Herring Prospectus.

Further, our promoter may be interested to the extent of personal guarantees given by them in favour of the Company, for the details of Personal Guarantee given by Promoters towards Financial facilities of our Company please refer to “**Statement of Financial Indebtedness**” and “**Financial Information of Our Company**” on page 160 and 122 respectively of this Draft Red Herring Prospectus.

**Payment or Benefits to our Promoter and Promoter Group during the last 2 years:**

For details of payments or benefits paid to our Promoter and promoter group, please refer to the paragraph “**Compensation of our Managing Director**” in the chapter titled “**Our Management**” beginning on page 109 also refer Note Y on “**Related Party Transactions**” on page 152 forming part of “**Financial Information of the Company**” and Paragraph on “**Interest of Promoter**” in chapter titled “**Our Promoter and Promoter Group**” on page 116 of this Draft Red Herring Prospectus.

**Companies/Firms with which our Promoters have disassociated in the last (3) three years**

Except as mentioned below, our promoters have not disassociated themselves from any of the Company, Firms or other entities during the last three years preceding the date of this Draft Red Herring Prospectus.

S. No.	Name of Disassociated entities	Name of Promoter(s)
	NIL	

**Other ventures of our Promoter**

Save and except as disclosed in this section titled “**Our Promoter & Promoter Group**” beginning on page 116 of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

**Material Guarantees:**

Except as stated in the “Statement of Financial Indebtedness” and “Restated Financial Information of the Company” beginning on page 160 and 122 of this Draft Red Herring Prospectus respectively, our Promoter have not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Draft Red Herring Prospectus.

**Litigation details pertaining to our Promoter**

For details on litigations and disputes pending against the Promoters and defaults made by the Promoters please refer to the section titled “Outstanding Litigations and Material Developments” beginning on page 176 of this Draft Red Herring Prospectus.

**Experience of Promoters in the line of business**

Our Promoters, Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole has an experience of around 30 years, 20 years and 4 years respectively in Valve components manufacturing Industry. The Company shall also endeavour to ensure that relevant professional help is sought as and when required in the future.

**Related Party Transactions**

For the transactions with our Promoter Group entities please refer to section titled “Note Y” Related Party Transactions” on page 152 of this Draft Red Herring Prospectus.

Except as stated in “Note Y Related Party Transactions” beginning on page 152 of this Draft Red Herring Prospectus, and as stated therein, our Promoter or any of the Promoter Group Entities do not have any other interest in our business.

**OUR PROMOTER GROUP:**

In addition to the Promoters named above, the following natural persons are part of our Promoter Group:

**1. Natural Persons who are part of the Promoter Group**

As per Regulation 2(1) (pp)(ii) of the SEBI (ICDR) Regulations, 2018, the Natural persons who are part of the Promoter Group (due to their relationship with the Promoters) are as follows:

Relationship with Promoter	Laxmikant Sadashiv Kole	Madhuri Laxmikant Kole	Shrinivas Laxmikant Kole
Father	Sadashiv Laxman Kole	Balaji Gangadhar Mahajan	Laxmikant Sadashiv Kole
Mother	Sulochana Sadashiv Kole	Lalita Balaji Mahajan	Madhuri Laxmikant Kole
Spouse	Madhuri Laxmikant Kole	Laxmikant Sadashiv Kole	Sakshi Nitin Uttarwar
Brother	Dnyaneshwar Sadashiv Kole	Mangesh Balaji Mahajan	Arnav Laxmikant Kole
Sister	Sheela Baburao Katkam Jyoti Kishor Komti Sunanda Sudhir Mogadpally	-	-
Son	Shrinivas Laxmikant Kole Arnav Laxmikant Kole	Shrinivas Laxmikant Kole Arnav Laxmikant Kole	-

**Shri Balaji Valve Components Limited**

Daughter	-	-	-
Spouse's Father	Balaji Gangadhar Mahajan	Sadashiv Laxman Kole	Nitin Uttarwar
Spouse's Mother	Lalita Balaji Mahajan	Sulochana Sadashiv Kole	Deepali Nitin Uttarwar
Spouse's Brother	Mangesh Balaji Mahajan	Dnyaneshwar Sadashiv Kole	Krishna Nitin Uttarwar
Spouse's Sister	NA	Sheela Baburao Katkam Jyoti Kishor Komti Sunanda Sudhir Mogadpally	-

**2. Corporate Entities or Firms forming part of the Promoter Group**

As per Regulation 2(1) (pp)(iv) of the SEBI (ICDR) Regulations, 2018, the following entities forms part of our Promoter Group:

Companies: NIL

Partnership Firms:

- i. Venkatesh Realconstro LLP
- ii. Saijyot Developers
- iii. Sanskruti Engineering

Proprietorship Firms:

- i. Balaji Enterprises
- ii. Shrinivas Engineering

**HUF's**

Laxmikant Sadashiv Kole HUF

**3. Other Persons included in Promoter Group:**

Except for Mangesh Balaji Mahajan & Kishor Mahadev Komti, none of the other persons forms part of promoter group for the purpose of shareholding of the Promoter Group under Regulation 2(1) (pp)(v) of SEBI (ICDR) Regulations 2018.

**DIVIDEND POLICY**

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by the shareholders at the general meeting of our Company. The Articles of Association of our Company give our shareholders, the right to decrease, and not to increase, the amount of dividend recommended by the Board of Directors.

The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends. No dividend shall be payable for any financial except out of profits of our Company for that year or that of any previous financial year or years, which shall be arrived at after providing for depreciation in accordance with the provisions of Companies Act, 2013.

Our Company does not have any formal dividend policy for declaration of dividend in respect of the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and may depend on a number of factors, including the results of operations, earnings, Company's future expansion plans, capital requirements and surplus, general financial condition, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has not declared any dividend on the Equity Shares during the last three financial years including the period from March 31, 2023 to the date of the filing of this Draft Red Herring Prospectus. Our Company's corporate actions pertaining to payment of dividends in the past are not to be taken as being indicative of the payment of dividends by our Company in the future.

**SECTION VI FINANCIAL INFORMATION OF THE COMPANY**

**RESTATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION**

To,

The Board of Directors,  
Shri Balaji Valve Components Limited  
Plot No. PAP B-31, Phase-2 Khed,  
Chakan MIDC Industrial Area, Bhamboli,  
Pune- 410501, Maharashtra

Dear Sirs,

We have examined the attached Restated Financial Statements of Shri Balaji Valve Components Limited., comprising the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021 the Restated Statements of Profit and Loss, the Restated Cash Flow Statement for the year ended March 31, 2023, March 31, 2022, and March 31, 2021, the Summary Statement of Significant Accounting Policies, the Notes and Annexures as forming part of these Restated Financial Statements (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on August 04th, 2023 for the purpose of inclusion in the Draft Red Herring Prospectus/Red Herring Prospectus/ Prospectus (Draft Offer Document/Offer Document) prepared by the Company in connection with its proposed SME Initial Public Offer of equity shares ("SME IPO") prepared in terms of the requirements of:

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

The Company's Board of Directors are responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Offer Document/ Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Pune in connection with the proposed SME IPO. The Restated Financial Information of the Company have been Prepared by the Management of the Company and approved by the Board of Directors on the basis of preparation stated in Annexure IV of the Restated Financial Information. Our responsibility is to examine the Restated Financial Information and confirm whether such Restated Financial Information comply with the requirements of the Act, the Rules, SEBI-ICDR Regulations and the Guidance Note.

We, M/s Kishor Gujar & Associates, Chartered Accountants, been subject to peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid peer review certificate issued dated 18th May, 2022 valid till 31st May, 2025.

We have examined these Restated Financial Information taking into consideration;

The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated March 1st, 2023 in connection with the proposed SME IPO of the Company.

The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

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 SME IPO.

These Restated Financial Information have been compiled by the Management from the audited Financial Statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 which have been approved by the Board of Directors of the Company. The financial statements of the Company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 has been audited by us.

Based on our examination and according to the information and explanation given to us, we report that the Restated Financial Information have been prepared:

After incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively, if any in the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications; and

(b) in accordance with the Act, ICDR Regulations and the Guidance Note.

For the purpose of our examination, we have relied on:

Auditors' reports issued by us on the financial statements of the Company as at and for the year ended 31st March 2023, 31st March 2022 and 31st March 2021 as referred in Paragraph 5 above;

We have also examined the following Notes to the Restated financial information of the Company set out in the Annexure V, prepared by the management and approved by the Board of Directors on June 14h, 2023 for the years ended March 31, 2023 March 31, 2022 and March 31, 2021.

Annexure V - Notes to the Restated Summary Financial Information;

1. Restated Statement of Share Capital, Reserves and Surplus as appearing in Note A to this report;
2. Restated Statement of Long Term Borrowings as appearing in Note B to this report;
3. Restated Statement of principal terms of Secured Loans and Assets charged as security as appearing in Note B(A) to this report;
4. Restated Statement of terms & conditions of unsecured loans as appearing in Note B(B) to this report;
5. Restated Statement of Deferred Tax (Assets) / Liabilities as appearing in Note C to this report;
6. Restated Statement of Other Long Term Liabilities as appearing in Note D to this report;
7. Restated Statement of Long Term Provisions as appearing in Note E to this report;
8. Restated Statement of Short Term Provisions as appearing in Note EE to this report;
9. Restated Statement of Short Term Borrowings as appearing in Note F to this report;
10. Restated Statement of Trade Payables as appearing in Note G to this report;
11. Restated Statement of Other Current Liabilities as appearing in Note H to this report
12. Restated Statement of Fixed Assets as appearing in Note I to this report;
13. Restated Statement of Other Non-Current Assets as appearing in Note J to this report
14. Restated Statement of Trade Receivables as appearing in Note K to this report;
15. Restated Statement of Cash and Cash Equivalents as appearing in Note L to this report;
16. Restated Statement of Inventories as appearing in Note M to this report;
17. Restated Statement of Loans and Advances as restated as appearing in Note N to this report;
18. Restated Statement of Other Current Assets as appearing in Note JJ to this report;
19. Restated Statement of Revenue from Operations as appearing in Note O to this report;
20. Restated Statement of Other Income as appearing in Note P to this report;
21. Restated Statement of Cost of Material Consumed as appearing in Note Q to this report;
22. Restated Statement of Purchase of Stock in Trade as appearing in Note R to this report;
23. Restated Statement of Change in Inventories of Work in progress and finished goods as appearing in Note S to this report;
24. Restated Statement of Employee Benefit Expenses as appearing in Note T to this report;
25. Restated Statement of Finance Cost as appearing in Note U to this report;
26. Restated Statement of Depreciation & Amortization as appearing in Note V to this report;
27. Restated Statement of Other Expenses as appearing in Note W to this report;
28. Restated Summary Statement of Contingent Liabilities as appearing in Note X to this report;
29. Restated Statement of Related Party Transactions as appearing in Note Y to this report;
30. Restated Statement of Tax Shelter as appearing in Note Z to this report;
31. Capitalization Statement as appearing in Note ZA to this report;
32. Restated Statement of Mandatory Accounting Ratios as appearing in Note ZB to this report;
33. Restated Statement of Other Disclosures as per Schedule-III of the Companies Act 2013 as appearing in Note ZC to this report;

34. Restated Statement of Other Disclosures as appearing in Note ZD to this report;

The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 7 above.

This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or other auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Our report is intended solely for use of the Board of Directors for inclusion in the Draft Offer Document/Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Pune in connection with the proposed SME IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

In our opinion, the above financial information contained in Annexure I to Annexure III of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.

**For**  
**KISHOR GUJAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. - 116747W  
Peer Review No.: 014220

CA Laxmi U Rawat (Partner)  
Membership No.: - 134752  
Place: - Pimpri, Pune: - 411018  
Date.: August 04th, 2023



**ANNEXURE I****RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(Rs. in Lakhs)

Particular		As at the Year/Period ended		
		31/03/2023	31/03/2022	31/03/2021
A)	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' Funds</b>			
(a)	Share Capital	1.00	1.00	1.00
(b)	Reserves & Surplus	795.30	147.70	(5.77)
(c)	Share Application Money	-	-	-
		<b>796.30</b>	<b>148.70</b>	<b>(4.77)</b>
2	<b>Non-Current Liabilities</b>			
(a)	Long Term Borrowings	1690.18	1666.64	948.52
(b)	Deferred Tax Liabilities (Net)	-	-	2.05
(c)	Other Long Term Liabilities	-	24.47	-
(d)	Long Term Provisions	15.01	8.70	2.00
		<b>1705.19</b>	<b>1699.80</b>	<b>952.57</b>
3	<b>Current Liabilities</b>			
(a)	Short Term Borrowings	1187.81	1,133.07	451.02
(b)	Trade Payables			
	Due to Micro and small enterprises	465.92	359.38	198.70
	Due to Others	481.69	458.66	81.19
(c)	Other Current Liabilities	65.23	15.58	12.09
(d)	Short Term Provisions	325.34	158.28	67.83
		<b>2525.98</b>	<b>2124.97</b>	<b>810.83</b>
	<b>Total</b>	<b>5027.48</b>	<b>3973.46</b>	<b>1758.63</b>
B)	<b>ASSETS</b>			
1	<b>Non-Current Assets</b>			
(a)	Property, Plant and Equipment and Intangible Assets			
	i) Property, Plant and Equipment	1566.72	525.31	442.99
	ii) Intangible Assets	0.24	0.44	0.81
	iii) Capital Work in progress	170.11	857.87	78.94
	iv) Intangible Assets under development	-	-	-
(b)	Non-Current Investment	-	-	-
(c)	Deferred Tax Assets (Net)	10.26	7.32	-
(d)	Long Term Loans and Advances	-	-	-
(e)	Other Non-Current Assets	23.24	22.91	10.09
		<b>1770.57</b>	<b>1413.86</b>	<b>532.84</b>
2	<b>Current Assets</b>			
(a)	Current Investment			
(b)	Trade Receivables	1792.53	1,483.77	722.83
(c)	Cash and Cash equivalents	159.32	134.41	1.17
(d)	Inventories	838.43	624.81	333.24
(e)	Short-Term Loans and Advances	459.45	294.08	100.34
(f)	Other Current Assets	7.18	22.53	68.22
		<b>3256.91</b>	<b>2559.59</b>	<b>1,225.80</b>
	<b>Total</b>	<b>5027.48</b>	<b>3973.46</b>	<b>1,758.63</b>

## RESTATED STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

PARTICULARS		For the year/period ended on		
		31/03/2023	31/03/2022	31/03/2021
1	<b>Revenue From Operations</b>	6232.33	3882.91	1607.11
2	<b>Other Income</b>	66.77	23.14	9.37
3	<b>Total Revenue (1+2)</b>	6299.10	3906.05	1616.49
4	<b>Expenses</b>			
(a)	Cost of Material Consumed	3883.19	2607.97	1145.59
(b)	Purchase of Stock in trade	-	-	-
(c)	Change of Inventories of Work in progress and finished goods	(186.67)	(200.03)	(170.72)
(d)	Employee Benefit Expenses	1010.04	827.25	373.99
(e)	Finance Costs	136.01	41.96	25.56
(f)	Depreciation and Amortization Expenses	191.35	53.08	27.80
(g)	Other Expenses	397.20	366.34	215.43
5	<b>Total Expenses 4(a) to 4(g)</b>	5431.11	3696.57	1617.65
6	<b>Profit/(Loss) Before Exceptional &amp; Extraordinary items &amp; Tax (3-5)</b>	867.99	209.48	(1.17)
7	Exceptional item	-	-	-
8	<b>Profit/(Loss) Before Extraordinary items &amp; Tax (6-7)</b>	<b>867.99</b>	<b>209.48</b>	<b>(1.17)</b>
9	Prior Period Expenses			
10	Extraordinary items			
11	<b>Profit/(Loss) Before Tax (8-9-10)</b>	<b>867.99</b>	<b>209.48</b>	<b>(1.17)</b>
12	<b>Tax Expense:</b>			
(a)	Current Tax	222.47	65.25	-
(b)	Deferred Tax	(2.94)	(9.37)	2.05
(c)	MAT Credit entitlements	-	-	-
(d)	Prior period expenses	-	-	-
(e)	Excess/short provision written back/off	0.85	0.13	-
	<b>Total</b>	<b>220.39</b>	<b>56.01</b>	<b>2.05</b>
13	<b>Profit/(Loss) for the Year</b>	<b>647.60</b>	<b>153.47</b>	<b>(3.22)</b>

**RESTATED CASH FLOW STATEMENT**

(Rs. in Lakhs)

PARTICULARS	For the period/ year ended on		
	31/03/2023	31/03/2022	31/03/2021
<b>A) Cash Flow From Operating Activities :</b>			
<b>Net Profit before tax as per Statement of Profit &amp; Loss</b>	867.99	209.48	(1.17)
Adjustment for :			
Depreciation and amortization Expenses	191.35	53.08	27.80
Finance Cost	136.01	41.96	25.56
Interest Income	(1.57)	(0.12)	0.00
Rent	(0.38)		
Income Tax Adjustments	(56.32)	(19.02)	(1.63)
<b>Operating profit before working capital changes</b>		(0.13)	-
<b>Changes in Working Capital</b>	<b>1137.08</b>	<b>285.23</b>	<b>50.57</b>
(Increase)/Decrease in Trade Receivables			
(Increase)/Decrease in Inventory	(308.76)	(760.94)	(722.83)
(Increase)/Decrease in Short Term Loans & Advances	(213.62)	(291.57)	(333.24)
(Increase)/Decrease in Other Current & Non-Current Assets	13.01	(143.31)	(28.94)
Increase/(Decrease) in Trade Payables	13.67	30.84	(72.23)
Increase/(Decrease) in Other Current Liabilities	129.57	538.15	279.86
Increase/(Decrease) in Short Term Provisions, etc.	31.50	27.96	11.79
<b>Cash generated from operations</b>	<b>9.87</b>	<b>31.89</b>	<b>69.27</b>
Less:- Income Taxes paid	<b>812.30</b>	<b>(281.74)</b>	<b>(745.75)</b>
<b>Net cash flow from operating activities - A</b>	<b>244.51</b>	<b>50.43</b>	<b>14.10</b>
<b>B) Cash Flow From Investing Activities :</b>	<b>567.79</b>	<b>(332.17)</b>	<b>(759.85)</b>
Purchase of Fixed Assets including of CWIP			
Rent	(543.43)	(911.93)	(277.92)
Interest Income	0.38		-
<b>Net cash flow from investing activities - B</b>	<b>1.57</b>	<b>0.12</b>	<b>0.00</b>
<b>C) Cash Flow From Financing Activities :</b>	<b>(541.48)</b>	<b>(911.81)</b>	<b>(277.92)</b>
Proceeds from Issue of Share Capital			
Increase/(Decrease) in Short Term Borrowings	-	-	-
Increase/(Decrease) in Long Term Borrowings	54.74	682.05	446.06
Finance Cost	23.54	718.12	616.18
<b>Net cash flow from financing activities - C</b>	<b>(136.01)</b>	<b>(41.96)</b>	<b>(25.56)</b>
	<b>(57.72)</b>	<b>1358.20</b>	<b>1036.68</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents - (A+B+C)</b>			
Cash equivalents at the beginning of the year	<b>(31.41)</b>	<b>114.22</b>	<b>(1.09)</b>
<b>Cash equivalents at the end of the year</b>	<b>134.41</b>	<b>1.17</b>	<b>0.63</b>
Exchange difference on foreign currency cash and cash equivalents	56.32	19.02	1.63
<b>Cash equivalents at the end of the year</b>	<b>159.32</b>	<b>134.41</b>	<b>1.17</b>

Notes –

Component of Cash and Cash equivalents	31/03/2023	31/03/2022	31/03/2021
Cash on hand	0.26	0.86	0.95
Balance With banks	135.10	0.15	0.12
Fixed Deposits	14.36	123.81	0.1
-Electronica Finance Ltd Deposit	9.59	9.59	-
<b>Total</b>	<b>159.32</b>	<b>134.41</b>	<b>1.17</b>

- Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregate.
- The accompanying summary of significant accounting policies, restated notes to accounts and notes on adjustments for restated summary financial information (Annexure IV) are an integral part of this statement.

## ANNEXURE – IV

### SUMMARY STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES & NOTES TO RESTATED FINANCIAL STATEMENTS

#### COMPANY OVERVIEW

Shri Balaji Valve Components Limited ("the company") was incorporated as a private limited Company on 17th November, 2011 under the provisions of The Companies Act 2013. Thereafter the company was converted from private limited to public limited vide fresh certificate of incorporation dated 10th July, 2023 issued by Registrar of Companies, Pune, Maharashtra. The companies registered office is situated at Plot No.PAP-B-31, Phase 2 Khed, Chakan MIDC, Bhamboli, Pune – 410501, Maharashtra. The company manufactures the precision machined components along with Valve components and trim parts. The major components are Ball Valves, Butterfly Valves, Control Valves & Plug Valves.

#### I. SIGNIFICANT ACCOUNTING POLICIES

##### A) BASIS OF PREPARATION OF FINANCIAL STATEMENT

The Restated Financial Statements (Annexure I) comprises of financial statements of Shri Balaji Valve Components Limited as at March 31, 2023, March 31, 2022 and March 31, 2021 and the Restated Statement of Profit and Loss (Annexure II) and Restated Statements of Cash Flows (Annexure III) for the same period mentioned above and the annexure thereto (collectively, the "Restated Financial Statements") have been extracted by the management from the audited Financial Statements of the Company for the years ended on March 31, 2023, March 31, 2022 and March 31, 2021 approved by the respective Board of Directors of the companies.

These financial statements are prepared on a Going Concern Basis and in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act. The accounting policies adopted in the preparation of financial statements have been consistently applied. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of operations and time difference between the provision of services and realization of cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

These financial statements are now restated as per requirements of Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") and Guidance note on reports in Company Prospectus (Revised 2019) ("Guidance Note") issued by the Institute of chartered Accountants of India ("ICAI").

##### B) Basis of Measurement

The Restated Financial Statements have been prepared on accrual basis and under historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

The Restated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the period presented in the Restated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The Functional and presentation currency of the company is Indian Rupees ("INR") which is the currency of the primary economic environment in which the Company operates.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "(Zero)" in the relevant notes to Restated financial statements.

##### C) Use of Estimates

The preparation of Restated Financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance sheet date, reported amount of revenue and expenditure for the year /period and disclosures of contingent liabilities as at the Balance sheet date. The judgements, estimates and assumptions used in the accompanying Restated Financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the Restated Financial statements. Actual results could differ from these judgements,

estimates and assumptions. Estimates and underlying assumptions are reviewed on a year basis. Revisions to accounting estimates, if any, are recognized in the year /period in which the estimates are revised and in any future years affected.

### **Summary of Significant Accounting Policies**

#### **A. Revenue recognition**

##### **i. Sale of goods**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been sold and is transferred to our customer and when there are no longer any unfulfilled obligations. The performance obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on the customer terms.

Revenue is disclosed at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is recognized to the extent that it is highly probable that significant reversal will not occur.

##### **ii. Income from services**

Revenue from services is recognized when services have been rendered and there should be no uncertainty regarding consideration and its ultimate collection.

##### **iii. Interest Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **B. Property, plant and equipment's**

The cost of a self-constructed item of property, plant and equipment are stated as per Cost Model i.e., at cost less depreciation and impairment, if any. Cost directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Subsequent expenditure relating to property, plant and equipment are capitalized or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting year/period in which they are incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment's and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Additions of Property, Plant and equipment during the FY 2020-21 and FY 2021-22 includes used Assets acquired from Balaji Enterprises and Shrinivas Engineering.

#### **C. Depreciation**

All fixed asset, except capital work in progress, are depreciated on a written down value method. Depreciation is provided based on useful life of the asset as prescribed in schedule II to the companies Act, 2013. Depreciation on additions /deletion from fixed assets made during the period is provided on pro- rata basis to extent of depreciable amount on Written Down Value (WDV) method from/up to the date of such addition / deletion as the case may be.

#### **D) Intangible Assets**

Intangible assets are non-physical Assets such as patent, license agreement, copyright, software. Intangible Assets must be amortized over their useful life, if possible, sum assets, such as Brand Name have indefinite life and cannot be capitalize or amortized, other intangible assets such as license agreement have useful life determined in the license agreement, item with a defined useful life must be amortized. Intangible assets purchased are measured at cost or fair value as on the date of acquisition less accumulated amortization and accumulated impairment, if any.

Amortization is provided on a WDV basis over estimated useful lives of the intangible assets. The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimate.

#### **E) Impairment**

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

#### **F. Inventories**

Raw material, Work in Progress, Consumables and finished goods

Raw materials, Consumables, Stores & Spare Parts and packing materials are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average method is used.

Manufactured finished goods are valued at the lower of cost and net realizable value. Cost of manufactured finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

#### **G. Borrowing Costs**

Borrowing cost that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. All other borrowing costs are expensed in the year they occur.

#### **H. Employee Benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

The Company's contribution to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis.

In the restated financial statements, The Company has made provision for payment of Gratuity to its employees, based on the actuarial valuation report obtained from actuarial valuer.

Post-employment and other long term employee benefits are recognized as an expense in the profit & loss account for the year in which the liabilities are crystallized.

#### **I. Foreign Exchange Transactions**

Foreign-currency denominated monetary assets and liabilities if any are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from the transactions relating to purchase of current assets like Raw Material etc. are included in the Statement of Profit and Loss. Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction.

**J. Cash Flow Statement**

Cash flows are reported using Accounting Standard -3 Cash Flow Statement- indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**K. Taxes on Income**

The accounting treatment for the Income Tax in respect of the Company's income is based on the Accounting Standard on 'Accounting for Taxes on Income' (AS-22). The provision made for Income Tax in Accounts comprises both. Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provision of the income tax Act 1961.

Deferred tax is recognized for all timing differences, between the taxable income and accounting income that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out

**L. Provision, Contingent Liabilities and Contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the likely future outflow of economic benefits required to settle the obligation at the reporting date.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**M. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and term deposits with highly liquid investments.

**N. Related Party Transactions**

Related parties as defined under Accounting Standard - 18 'Related Party Disclosures' have been identified based on representations made by management and information available with the Company. All transactions with related parties are in the ordinary course of business and on arms' length basis.

**O. Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies act, 2013, a company, meeting the applicability threshold, need to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. The funds were primarily allocated to a project and utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

Note – CSR is applicable to the company from FY 2023-24 only.

**P. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share

is the net profit for the period. The weighted average number of equity shares outstanding during the period and all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

**Q. Leases**

The company has taken machinery and factory on lease and classified as an Operating lease and lease rentals are recognized in profit of loss account as per lease terms.

**R. Segment Reporting**

The Company is having revenue from its customer which are located outside India; of more than 10% of its total revenue.

Accordingly, as per As-17 Segment Reporting the company has identified geographic segment as its reportable segment.

The company has maintained records for cost of material consumed, employee cost and other expenses incurred for manufacturing of goods in ERP system for all the products. However, the company manufactures the same products which are sold in Indian market and Outside India at similar cost of product manufacturing. Accordingly, the expenses incurred on export segment is not identifiable

Similarly, Assets of outside India is identifiable to the extent of Continent wise Outstanding Trade Receivable only.

However, revenue generated from the product wise on the basis of sale price of domestic sale and export sale.

Accordingly, we have disclosed geographic Segment Revenue and Segment Assets in table below for Domestic (India) and Export (Outside India): -

				<b>Rs. In Lakhs</b>
<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March,2023</b>	<b>Year ended 31<sup>st</sup> March,2022</b>	<b>Year ended 31<sup>st</sup> March,2022</b>	
<b>Revenue Including Other Income</b>				
India	4404.98	2931.01	1080.71	
Outside India				
1. Africa	3.87	4.01	0.77	
2. Asia	1487.84	745.38	376.67	
3. North America	128.69	43.02	80.66	
4. South America	46.37	28.89	12.42	
5. Europe	229.42	153.11	65.26	
<b>Total</b>	<b>6301.16</b>	<b>3905.43</b>	<b>1616.49</b>	
<b>Carrying Amount of Segment Assets</b>				
India	4521.96	3603.21	1604.43	
Outside India				
1. Africa	-	-	0.77	
2. Asia	231.15	188.92	94.84	
3. North America	16.62	11.79	17.16	
4. South America	10.25	17.98	0.11	
5. Europe	1.90	82.97	20.94	
<b>Total</b>	<b>4781.87</b>	<b>3904.87</b>	<b>1739.45</b>	

**S. Employee Benefits**

The Company has adopted Accounting Standard 15 (revised 2005) on Employee Benefits during the restated financials period. The disclosure as envisaged under the Accounting Standard is provided hereunder:

				<b>(Amount in Rs. Lakhs)</b>
<b>Details of Gratuity Expenses</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	
<b>Profit and loss account for the period</b>				
Current service cost	6.39	5.79	2.01	



+Interest on obligation	0.65	0.15	-
Expected return on plan assets	-	-	-
Net actuarial loss/(gain)	(0.71)	0.76	-
Recognized Past Service Cost-Vested			
Loss (gain) on curtailments			
<b>Total included in 'Employee Benefit Expense'</b>			
prior year charge			
<b>Total Charge to P&amp;L</b>	6.33	6.71	2.01
<b>Reconciliation of defined benefit obligation</b>			
Opening Defined Benefit Obligation	8.72	2.01	-
Transfer in/(out) obligation			
Current service cost	6.39	5.79	2.01
Interest cost	0.65	0.15	-
Actuarial loss (gain)	(0.71)	0.76	-
Past service cost	-	-	-
Benefits paid	-	-	-
prior year charge			
<b>Closing Defined Benefit Obligation</b>	15.05	8.72	2.01
<b>Table of experience adjustments</b>			
Defined Benefit Obligation			
Plan Assets			
<b>Surplus/(Deficit)</b>			
<b>Principle actuarial assumptions</b>			
Discount Rate	7.50%	7.50%	7.50%
Salary Growth Rate	5.00%	5.00%	5.00%
Withdrawal Rates	5.00%	5.00%	5.00%

## II. NOTES TO RESTATED SUMMARY STATEMENTS:

The financial statements for the year ended on 31 March 2021, 2022 and 2023 respectively are prepared as per Schedule III of the Companies Act, 2013: -

### 1. Contingent liabilities and commitments (to the extent not provided for)

A disclosure for a contingent liability is reported in the notes to restated financial restatements when there is a possible obligation that may, require an outflow of the Company's resources. For details of contingent liability please refer Note X of the financial statements.

**2. Related party** transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Note –Y of the enclosed financial statements.

**3. Deferred Tax liability/Asset in view of Accounting Standard – 22:** “Accounting for Taxes on Income” as at the end of the year is as under:

Particulars	(Rs.in lakhs)		
	For the Year Ended		
	2022-23	2021-22	2020-21
A. Opening balance of Deferred tax Assets/(liability)	7.32	(2.05)	-
DTA/(DTL) on timing Difference in Depreciation as per Companies Act and Income Tax Act	(1.16)	(2.23)	(2.57)
(DTA)/DTL on Account of Gratuity Provision	3.79	2.43	0.52
(DTA)/DTL on account of Section 43(b)	7.62	7.12	-
<b>B. Closing Balance of (DTA)/DTL</b>	<b>(10.26)</b>	<b>(7.32)</b>	<b>2.05</b>
<b>C. Current Year Provision (B-A)</b>	<b>(2.94)</b>	<b>(9.37)</b>	<b>2.05</b>

### 4. Directors' Remuneration:

Particulars	(Rs. in lakhs)		
	2022-23	2021-22	2020-21

Directors' Remuneration	-	-	-
<b>Total</b>			

Mr. Shrinivas Kole is appointed as Whole Time Director & CFO w.e.f. from July 31, 2023, so Director Remuneration is not applicable to Mr. Shrinivas Kole for the year ended March 31, 2023, March 31, 2022, and March 31, 2021.

**5. Auditors' Remuneration:**

(Rs. in lakhs)

Particulars	For the Year Ended		
	2022-23	2021-22	2020-21
a. As Auditors			
Statutory & Tax Audit Fees	5.00	3.50	3.50
<b>Total</b>			

**6. Earnings per Share:**

(Amt. Rs. in Lakhs, except EPS)

Particulars	For the Year Ended		
	2022-23	2021-22	2020-21
A. Total Number of equity shares outstanding at the end of the year (in lakhs)	0.10	0.10	0.10
B. Weighted average number of equity shares outstanding during the year (in lakhs)	60.00	60.00	60.00
C. Net profit after tax available for equity shareholders (excluding exceptional and extraordinary items) (as restated)	647.6	153.47	(3.22)
D. Basic and Diluted earnings per share (Rs.)(C/B)	10.79	2.56	(0.05)

7. Figures have been rearranged and regrouped wherever practicable and considered necessary.

8. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required to be provided for.

9. The balances of trade payables, trade receivables, loans, and advances are unsecured and considered good and are subject to confirmations of the respective parties concerned.

**10. Realizations**

In the opinion of the Board and to the best of its knowledge and belief, the value on the realization of current assets and loans and advances are approximate of the same value as stated.

**11. Contractual liabilities**

All other contractual liabilities connected with the business operations of the Company have been appropriately provided for.

**12. Amounts in the financial statements**

Amounts in the financial statements are rounded off to the nearest lacs. Figures in brackets indicate negative values.

**13. Impact of Audit Qualifications/Observations in Statutory Auditor's Report on Financial Statements**

There have been no audit qualifications/observations in Statutory Auditor's Report for F.Y. 2020-21, 2021-22 and 2022-23 which requires adjustments in restated financial statements.

**14. Material Adjustments**

Appropriate adjustments have been made in the restated financial statements, whenever required, by a reclassification of the corresponding items of assets, liabilities, and cash flow statement, in order to ensure consistency and compliance with requirements of Schedule VI and Accounting Standards.

Statement of Adjustments in the financial statements is presented here below:

**RECONCILIATION OF RESTATED PROFIT**

(Rs. in Lakhs)

Adjustments for	2022-23	2021-22	2020-21
Net profit/(Loss) after Tax as per Audited Profit & Loss Account	648.46	158.4	(1.72)
<b>Adjustments for:</b>			
Provision for gratuity (Refer note no.1)	-	(6.71)	(2.01)
Short/excess Provision Of tax (Note no. 2)	(0.85)	(0.13)	-
Short/excess Deferred tax Provision (Note no. 3)	-	1.91	0.52
<b>Net Profit/ (Loss) After Tax as Restated</b>	<b>647.6</b>	<b>153.47</b>	<b>(3.22)</b>

Notes: -

1. The provision for gratuity has been done in all years covered for restatement as per Actuarial Valuation Reports and provided in the respective year in which such liability has arisen as per AS 15: Employee Benefits.
2. Provision for Taxation has been adjusted for Items like Income Tax related to Earlier Years and Short Provision for Earlier Years and Mat Credit Availed.
3. Due to changes in depreciation and gratuity provisions the deferred tax component on the same has also undergone a change.
4. The reconciliation of Equity and Reserves as per audited results and the Equity and Reserves as per Restated Accounts is presented below: -

**RECONCILIATION OF EQUITY AND RESERVES:**

(Rs. In Lakhs)

Particulars	31-Mar-23	31-Mar-22	31-Mar-21
<b>Equity and Reserves as per Audited Balance sheet</b>	796.3	154.99	(3.27)
Adjustments for:			
Opening adjustment to Reserve	-	(1.5)	-
Difference Due to Change in P&L	(0.85)	(4.93)	(1.5)
Prior period Adjustments (Refer Note-1)			
Adjustment done in Reserves, now correct through P& L	0.85	0.13	-
<b>Equity and Reserves as per Re-stated Balance sheet</b>	<b>796.30</b>	<b>148.70</b>	<b>(4.77)</b>

Note: 1

Amounts relating to the prior period have been adjusted in the year to which the same relates to and the same amount is arrived on account of change in Opening Balance of Reserve and Surplus due to the restated effect on the profit / (loss) of prior period.

Appropriate adjustments have been made in the restated financial statements, wherever required, by a reclassification of the corresponding items of Income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial of the company for all the years and requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

**NOTE – A  
RESTATED STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**

(Amt. in Rs. Lakhs, Except Share Data)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Share Capital</b>			
<b>Authorized Share Capital</b>			
Equity shares of Rs.10 each	10,000	10,000	10,000
Equity Share Capital	1.00	1.00	1.00
<b>Issued, Subscribed and Paid up Share Capital</b>			
Equity Shares of Rs. 10 each fully paid up	10,000	10,000	10,000
Share Capital (in Rs.)	1.00	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

<b>Reserves and Surplus</b>			
<b>General Reserve</b>			
Balance at the beginning of Financial Year	-	-	-
During the year	-	-	-
Balance as at the end of Financial Year (B)	-	-	-
<b>Surplus in Profit and Loss account</b>			
Balance as per the last financial statements	147.70	(5.77)	(2.55)
Less: Provision for gratuity (opening)	-	-	-
Less: Provision for leave encashment (opening)	-	-	-
Less: Prior period (opening)			
Profit for the Year	647.60	153.47	(3.22)
Less: Transfer to General Reserve	-	-	-
Less: Provision for Income Tax	-	-	-
Less: Prior Period Tax\ other appropriation	-	-	-
Balance as at the end of Financial Year C	<b>795.30</b>	<b>147.70</b>	<b>(5.77)</b>
<b>Balance as at the end of Financial Year (A+B+C)</b>	<b>795.30</b>	<b>147.70</b>	<b>(5.77)</b>

1. Terms/rights attached to equity shares:

i. The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share.

ii. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

3. Company does not have any Revaluation Reserve.

4. The reconciliation of the number of Equity shares outstanding as at: -

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
Number of shares at the beginning	10,000	10,000	10,000
Add: Bonus Share Issued	-	-	-
Add: Fresh Issue of shares	-	-	-
Number of shares at the end	10,000	10,000	10,000

5. The detail of shareholders holding more than 5% of Shares: -

Name of Shareholders	As at (No. of Shares)		
	31/03/2023	31/03/2022	31/03/2021
Laxmikant Sadashiv Kole	5,000	5,000	5,000
Madhuri Laxmikant Kole	5,000	5,000	5,000

Shares held by promoters at the end of the year 31.03.2023

Promoter's Name	No. of Shares	% of total Shares	% change during the year
Laxmikant Sadashiv Kole	5,000	50%	0%
Madhuri Laxmikant Kole	5,000	50%	0%

Shares held by promoters at the end of the year 31.03.2022

Promoter's Name	No. of Shares	% of total Shares	% change during the year
Laxmikant Sadashiv Kole	5,000	50%	0%
Madhuri Laxmikant Kole	5,000	50%	0%

Shares held by promoters at the end of the year 31.03.2021

Promoter's Name	No. of Shares	% of total Shares	% change during the year
Laxmikant Sadashiv Kole	5,000	50%	0%
Madhuri Laxmikant Kole	5,000	50%	0%

**NOTE – B**  
**RESTATED STATEMENT OF LONG TERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Secured Term loans from banks</b>			
<b>(a) Term loans</b>			
-Electronica Finance Limited	15.15	21.44	27.17
-HDFC Bank Term Loan	674.47	548.11	18.26
-IDFC Capital First Bank	-	63.53	70.47
<b>Sub-total (a)</b>	<b>689.62</b>	<b>633.07</b>	<b>115.9</b>
<b>(b) Unsecured Term loans from banks</b>			
-Unsecured Term loans from Bank	-	-	-
-Unsecured Term loans from Directors	1000.56	1,033.56	832.62
<b>Sub-total (b)</b>	<b>1000.56</b>	<b>1,033.56</b>	<b>832.62</b>
<b>Total (a+b)</b>	<b>1690.18</b>	<b>1,666.64</b>	<b>948.52</b>

Notes:

The terms and conditions and other information in respect of Secured Loans and Unsecured Loans are given in NOTE-B (A) and NOTE B (B)

NOTE B(A) RESTATED STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rs. In Lakhs)

Name of Lender	Purpose	Sanctioned Amount (In Lacs)	Rate of interest	Primary & Collateral Security	Re-Payment Schedule	Outstanding amount as on 31.03.2023 as per Books	Outstanding amount as on 31.03.2022 as per Books	Outstanding amount as on 31.03.2021 as per Books
IDFC Capital First bank	Loan for purchase of Commercial Property	100	EBR+5% (ie10.15%)	Plot No Pap B-130,Chakan Bhamboli Khed,Chakan,Pune,Maharashtra,410501	EMI : Rs 1,08,381 Term : 180 Months	-	70.47	76.82
HDFC BANK TERM LOAN - 84699495	Machinery	29.03	7.75%	<b>Primary Security:-</b> Industrial properties , Plant & Machinery, MIDC Plot, Stock, Debtors ,Fixed Deposits , Other current Assets, LC, Export Stock  <b>Collateral Security:-</b> Personal Guarantee of 1) Laxmikant Kole 2) Madhuri Kole	EMI : Rs 71,461 Term : 46 Months	10.87	18.26	25.22
HDFC BANK TERM LOAN – 84790969	Machinery	16.83	7.75%		EMI : Rs 1,17,325 Term : 8 Months	-	-	9.13
HDFC BANK TERM LOAN – 85439399	Building Construction PAP - B-31	750	7.75%		EMI : Rs 11,77,183 Term : 66 Months	482.29	444.28	-
HDFC BANK TERM LOAN – 86197566	Other Equipment PAP - B - 31	300	7.75%		EMI : Rs 3,83,334 Term : 84 Months	225.09	102.69	-

**Shri Balaji Valve Components Limited**

HDFC TERM LOAN GECL – 452308102	Working Capital	91.99	8.25%		EMI : Rs 2,89,323 Term : 60 Months	91.99	91.99	-
ELECTRONICA FIANACE LTD - 105555654	Machinery Purchase from Bharat Fritz Werner Ltd	31.98	9.33%	<b>Primary Security:-</b> CNC VERTICAL MACHINING CENTER ' . AGNI+ " MODEL "V4" - ( Model no:V4 ) <b>Guarantors:-</b> Personal Guarantee of 1) Laxmikant Kole 2) Madhuri Kole	EMI : Rs 66,895 Term : 60 Months	21.44	27.17	31.98
<b>Total Long Term Borrowings (Including Current Maturities)</b>						<b>831.68</b>	<b>754.86</b>	<b>143.15</b>
HDFC Bank CC	Working Capital	900	7.75%	Current asset (i.e. stock & Debtors ) given as primary & collateral security	-	945.75	1,011.27	423.78
<b>Total Short Term Borrowings</b>						<b>945.75</b>	<b>1,011.27</b>	<b>423.78</b>
<b>Grand Total</b>						<b>1,777.43</b>	<b>1,766.14</b>	<b>566.93</b>

\*Repayment Schedule shown above is on the basis of latest loan amount disbursed till 31st March, 2023

**Note 1**

**HDFC Bank Term Loan**

**Primary security**

*Equitable Mortgage over the following properties:*

- Plot No. Pap - B - 130, MIDC, Chakan Industrial Area, Phase – II, Near Vara Milk Food Speciality Bambholi Pune Maharashtra -410501 (security provided by Company)*
- Plot No. PAP-B-310, Chakan Industrial area, Bhambholi Village, Tal Khed, Dist. Pune- 410501, State- Maharashtra (security provided by Company)*
- Plot No PAP B 31, MIDC, Phase II, Bhamboli MIDC, - Industrial Properties used for Commercial activity*
- Residential Property S No 150 152 153 Row Resi - Row House, House No 789 Sant Dnyaneshwar Nagar, Morwadi shriniwas Vishwa Co Op Housing Society, Near SNBP School Morwadi Pimpri Pune Maharashtra - 411018 (personal property of Promoter/Director)*
- Residential plot (vacant Land) CTS No 4726/42, Manisha, Pandharpur Tal Pandharpur, Dist. Solapur, State- Maharashtra -413304 (personal property of Promoter/Director)*
- Residential plot (vacant Land) CTS No 4726/43, Manisha, Pandharpur Tal Pandharpur, Dist. Solapur, State- Maharashtra -413304 (personal property of Promoter/Director)*
- Industrial Property Plot No 188 PCNTDA, Sector No 7, Bhosari MIDC, Bhosari, Pune, Maharashtra -411026*

**Collateral Security: -**

**PERSONAL GUARANTEE OF: -**

- Balaji Enterprises*
- Shrinivas Engineering*
- Laxmikant Kole*
- Madhuri Kole*

NOTE B(B) STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS

(Rs. In Lakhs)

Name of Lender	Purpose	Sanctioned Rs Lakhs	Rate of Interest	Re-Payment Schedule	Outstanding amount as on 31.03.2023	Outstanding amount as on 31.03.2022	Outstanding amount as on 31.03.2021
<b>FROM DIRECTORS:-</b>							
Laxmikant Sadashiv Kole	Business	NA	0.00%		603.21	619.11	606.25
Madhuri Laxmikant Kole	Business	NA	0.00%		397.35	414.46	226.37
<b>GRAND TOTAL</b>					<b>1000.56</b>	<b>1,033.56</b>	<b>832.62</b>



**NOTE - C**  
**RESTATED STATEMENT OF DEFERRED TAX (ASSETS) / LIABILITIES**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Opening Balance (A)</b>			
Opening Balance of Deferred Tax (Asset) / Liability	(7.32)	2.05	-
<b>Closing Balances (B)</b>			
(DTA) / DTL on Timing Difference in Depreciation as per Companies Act and Income Tax Act.	1.16	2.23	2.57
(DTA) / DTL on account of gratuity provision	(3.79)	(2.43)	(0.52)
(DTA) / DTL on account of sec 43 (b)	(7.62)	(7.12)	-
<b>Closing Balance of Deferred Tax (Asset) / Liability (B)</b>	<b>(10.26)</b>	<b>(7.32)</b>	<b>2.05</b>
<b>Current Year Provision (B-A)</b>	<b>(2.94)</b>	<b>(9.37)</b>	<b>2.05</b>

**NOTE - D**  
**RESTATED STATEMENT OF OTHER LONG TERM LIABILITIES**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Other Long Term Liabilities</b>			
-Security Deposits	-	24.47	-
<b>Total</b>	<b>-</b>	<b>24.47</b>	<b>-</b>

Notes:

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

**NOTE - E**  
**RESTATED STATEMENT OF LONG TERM PROVISIONS**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
-Gratuity provision	15.01	8.70	2.00
<b>Total</b>	<b>15.01</b>	<b>8.70</b>	<b>2.00</b>

**NOTE - EE**  
**RESTATED STATEMENT OF SHORT TERM PROVISIONS**

(Rs. in Lakhs)

	31/03/2023	31/03/2022	31/03/2021
<b>Provision for employee benefits</b>			
-Directors' remuneration Payable	-	-	-
-Employee Salary Payable	49.09	46.07	40.53
-ESIC Payable	0.61	0.93	0.95
-PF Payable	6.18	5.7	4.04
-Gratuity provision	0.05	0.03	0.01
-Leave Encashment Provision	-	0.76	-
-Bonus Payable	30.29	25.6	10.1
<b>Others</b>			
-Profession Tax Payable	0.31	0.32	-
-Provision for taxation	222.47	65.25	
-Provision for Expenses	16.34	13.62	12.21
<b>Total</b>	<b>325.34</b>	<b>158.28</b>	<b>67.83</b>

**NOTE – F**  
**RESTATED STATEMENT OF SHORT TERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Secured Loans repayable on demand from banks</b>			
-HDFC Bank CC	945.75	1,011.27	423.78
<b>Subtotal (A)</b>	<b>945.75</b>	<b>1,011.27</b>	<b>423.78</b>
<b>Unsecured Loans repayable on demand from related Parties</b>			
-Unsecured Term loans from Directors	100	-	-
-Unsecured Term loans from Related parties	-	-	-
<b>Subtotal (B)</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>Current Maturity of Long Term Debts</b>			
-Secured Term loans from Banks (Current Maturity)	142.06	121.79	27.25
<b>Subtotal (C)</b>	<b>142.06</b>	<b>121.79</b>	<b>27.25</b>
<b>Total (A+B+C)</b>	<b>1187.81</b>	<b>1,133.07</b>	<b>451.02</b>

Note:

The terms and conditions and other information in respect of Secured Loans and Unsecured Loans are given in NOTE-B (A) and NOTE B (B)

**NOTE – G**  
**RESTATED STATEMENT OF TRADE PAYABLES**

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
<b>Trade Payables</b>			
<b>For Goods &amp; Services</b>			
Micro, Small and Medium Enterprises	465.92	359.38	198.70
Other than Micro, Small and Medium Enterprises	481.69	458.66	81.19
<b>Total</b>	<b>947.61</b>	<b>818.04</b>	<b>279.89</b>

Trade Payable Ageing as at 31.03.2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	465.92	-	-	-	<b>465.92</b>
Others	476.79	4.90	-	-	481.69
Disputed dues- MSME					-
Disputed dues- Others					-
Sub total	<b>942.71</b>	<b>4.90</b>	<b>-</b>	<b>-</b>	<b>947.61</b>
MSME - Undue					
Others - Undue					
Total					<b>947.61</b>

Trade Payable Ageing as at 31.03.2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	359.38	-	-	-	359.38
Others	458.53	0.13	-	-	458.66
Disputed dues- MSME					-
Disputed dues- Others					-
Sub total	<b>817.91</b>	<b>0.13</b>	<b>-</b>	<b>-</b>	<b>818.04</b>
MSME - Undue					
Others - Undue					

Total					<b>818.04</b>
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*Trade Payable Ageing as at 31.03.2021*

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	198.7				198.7
Others	81.19				81.19
Disputed dues- MSME					-
Disputed dues- Others					-
Sub total	<b>279.89</b>	-	-	-	<b>279.89</b>
MSME - Undue					-
Others - Undue					-
Total					<b>279.89</b>

**NOTE – H  
RESTATED STATEMENT OF OTHER CURRENT LIABILITIES**

(Rs. in Lakhs)

Particulars	As At		
	31/03/2023	31/03/2022	31/03/2021
<b>Other Current Liabilities</b>			
-Advance from Customer	13.91	0.31	
- Security Deposits	35.44	-	
<b>Other payables</b>			
Expenses Payable	7.95	6.75	6.63
-GST Payable	-	0.01	2.9
-TDS and TCS Payable	7.93	8.5	2.55
<b>Total</b>	<b>65.23</b>	<b>15.58</b>	<b>12.09</b>

Notes:

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

**NOTE - I**  
**RESTATED STATEMENT OF FIXED ASSETS**

FY 2022-23

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2022	Additions during the year	Deletions during the year	As at 31.03.2023	Upto 01.04.2022	During the Period	Deletion during the period	Total upto 31.03.2023	As at 31.03.2023	As at 31.03.2022
<b><u>Tangible Asset</u></b>										
Land	194.76	-	-	194.76	-			-	194.76	194.76
Building	-	877.6	-	877.6		69.80		69.80	807.80	-
Plant and Equipment	373.67	4.95	-	378.62	64.3	56.19		120.49	258.14	309.37
Furniture and Fixtures	3.23	47.53	-	50.76	0.97	6.64		7.61	43.15	2.27
Office equipment	6.41	7.90	-	14.30	4.08	3.62		7.70	6.61	2.33
Computers	7.71	1.39	-	9.1	3.62	2.32		5.94	3.16	4.09
Electrical installation	-	115.64	-	115.64	-	24.69		24.69	90.95	
Other Equipment	17.03	176.20	-	193.23	4.53	26.54		31.07	162.16	12.50
<b><u>Sub-total</u></b>	<b>602.81</b>	<b>1231.20</b>	<b>-</b>	<b>1834.01</b>	<b>77.5</b>	<b>189.79</b>	<b>-</b>	<b>267.29</b>	<b>1,566.72</b>	<b>525.31</b>
<b><u>(ii) Intangible Assets</u></b>										
Product Development	-	-	-	-	-	-		-	-	-
Computer software	1.12	-	-	1.12	0.68	0.20		0.88	0.24	0.44
<b><u>Sub-total</u></b>	<b>1.12</b>	<b>-</b>	<b>-</b>	<b>1.12</b>	<b>0.68</b>			<b>0.88</b>	<b>0.24</b>	<b>0.44</b>
<b><u>(iii) Capital Work-in-progress</u></b>										
WIP Development Expenses Pap B -130	795.66	294.39	982.15	107.89	-	-		-	107.89	795.66
WIP Development Expenses Pap B -31	62.21	-		62.21	-			-	62.21	62.21
<b><u>Sub-total</u></b>	<b>857.87</b>	<b>294.39</b>	<b>982.15</b>	<b>170.11</b>	<b>-</b>			<b>-</b>	<b>170.11</b>	<b>857.87</b>
<b>Total</b>	<b>1,461.80</b>	<b>1,525.59</b>	<b>982.15</b>	<b>2,005.24</b>	<b>78.18</b>	<b>189.79</b>	<b>-</b>	<b>268.16</b>	<b>1,737.07</b>	<b>1,383.63</b>
<i>Previous Year</i>	549.87	911.93	-	1,461.80	27.13	50.68	-	78.18	1,383.63	522.74
<b>Capital Work-in-Progress Aging Schedule</b>										
Capital Work-in-Progress	Amount in CWIP for a period of				2023	Amount in CWIP for a period of				2022
	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	Total	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	146.72	6.66	16.73	-	170.11	778.93	78.94	-	-	857.87
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

FY 2021-22

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2021	Additions during the year	Deletions during the year	As at 31.03.2022	Upto 01.04.2021	During the Period	Deletion during the period	Total upto 31.03.2022	As at 31.03.2022	As at 31.03.2021
<b>Tangible Asset</b>										
Land	194.76		-	194.76	-			-	194.76	194.76
Plant and Equipment	244.81	128.86	-	373.67	21.46	42.84		64.3	309.37	223.35
Furniture and Fixtures	1.54	1.69	-	3.23	0.23	0.73		0.97	2.27	1.31
Office equipment	6.05	0.36	-	6.41	1.7	2.38		4.08	2.33	4.35
Computers	5.61	2.1	-	7.71	1.65	1.97		3.62	4.09	3.96
Other Equipment	17.03	-	-	17.03	1.76	2.76		4.53	12.5	15.26
<b>Sub-total</b>	<b>469.81</b>	<b>133</b>	<b>-</b>	<b>602.81</b>	<b>26.81</b>	<b>50.68</b>	<b>-</b>	<b>77.5</b>	<b>525.31</b>	<b>442.99</b>
<b>(ii) Intangible Assets</b>										
Product Development	-	-	-	-	-	-		-	-	-
Computer software	1.12	-	-	1.12	0.31	0.36		0.68	0.44	0.81
<b>Sub-total</b>	<b>1.12</b>	<b>-</b>	<b>-</b>	<b>1.12</b>	<b>0.31</b>			<b>0.68</b>	<b>0.44</b>	<b>0.81</b>
<b>(iii) Capital Work-in-progress</b>										
WIP Development Expenses Pap B -130	16.73	778.93		795.66	-	-		-	795.66	16.73
WIP Development Expenses Pap B -31	62.21	-		62.21	-			-	62.21	62.21
<b>Sub-total</b>	<b>78.94</b>	<b>778.93</b>	<b>-</b>	<b>857.87</b>	<b>-</b>			<b>-</b>	<b>857.87</b>	<b>78.94</b>
<b>Total</b>	<b>549.87</b>	<b>911.93</b>	<b>-</b>	<b>1,461.80</b>	<b>27.13</b>	<b>50.68</b>	<b>-</b>	<b>78.18</b>	<b>1,383.63</b>	<b>522.74</b>
<i>Previous Year</i>	271.95	277.92	-	549.87	-	27.13	-	27.13	522.74	271.95
<b>Capital Work-in-Progress Aging Schedule</b>										
Capital Work-in-Progress	Amount in CWIP for a period of				2022	Amount in CWIP for a period of				2021
	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	Total	Less than 1 year	1 -2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	778.93	78.94	-	-	857.87	-	78.94	-	-	78.94
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

FY 2020-21

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2020	Additions during the	Deletions during the	As at 31.03.2021	Upto 01.04.2020	During the year	Deletion during the yr.	Total upto 31.03.2021	As at 31.03.2021	As at 31.03.2020

		year	year							
<b>Tangible Asset</b>										
Land	194.76	-	-	194.76	-	-	-	-	194.76	194.76
Plant and Equipment	6.5	238.31	-	244.81	-	21.46	-	21.46	223.35	6.5
Furniture and Fixtures	-	1.54		1.54	-	0.23	-	0.23	1.31	-
Office equipment	-	6.05		6.05	-	1.7	-	1.7	4.35	-
Computers	-	5.61		5.61	-	1.65		1.65	3.96	-
Other Equipment	-	17.03	-	17.03	-	1.76	-	1.76	15.26	-
<b>Sub-total</b>	<b>201.26</b>	<b>268.55</b>	<b>-</b>	<b>469.81</b>	<b>-</b>	<b>26.81</b>	<b>-</b>	<b>26.81</b>	<b>442.99</b>	<b>201.26</b>
<b>(ii) Intangible Assets</b>										
Product Development	-	-		-	-	-		-	-	-
Computer software	-	1.12		1.12	-	0.31		0.31	0.81	-
<b>Sub-total</b>	<b>-</b>	<b>1.12</b>	<b>-</b>	<b>1.12</b>	<b>-</b>	<b>0.31</b>		<b>0.31</b>	<b>0.81</b>	<b>-</b>
<b>(iii) Capital Work-in-progress</b>										
WIP Development Expenses Pap B -130	8.68	8.05		16.73	-	-		-	16.73	8.68
WIP Development Expenses Pap B -31	62.01	0.2		62.21	-			-	62.21	62.01
<b>Sub-total</b>	<b>70.69</b>	<b>8.25</b>	<b>-</b>	<b>78.94</b>	<b>-</b>			<b>-</b>	<b>78.94</b>	<b>70.69</b>
<b>Total</b>	<b>271.95</b>	<b>277.92</b>	<b>-</b>	<b>549.87</b>	<b>-</b>	<b>27.13</b>	<b>-</b>	<b>27.13</b>	<b>522.74</b>	<b>271.95</b>
<i>Previous Year</i>	53.55	218.4	-	271.95	-	-	-	-	271.95	53.55
<b>Capital Work-in-Progress Aging Schedule</b>										<b>(Rs. in Lakhs)</b>
<b>Capital Work-in-Progress</b>	<b>Amount in CWIP for a period of</b>				<b>2021</b>	<b>Amount in CWIP for a period of</b>				<b>2020</b>
	<b>Less than 1 year</b>	<b>1 -2 Years</b>	<b>2-3 Years</b>	<b>More than 3 Years</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1 -2 Years</b>	<b>2-3 Years</b>	<b>More than 3 Years</b>	<b>Total</b>
Projects in progress	-	78.94	-	-	78.94	70.69	-	-	-	70.69
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

**NOTE – J**  
**RESTATED STATEMENT OF OTHER NON-CURRENT ASSETS**

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
<b>Security Deposits</b>			
-Security Deposit	23.24	22.91	10.09
<b>Total</b>	<b>23.24</b>	<b>22.91</b>	<b>10.09</b>

The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

**NOTE – JJ**  
**RESTATED STATEMENT OF OTHER CURRENT ASSETS**

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
-Prepaid Expenses	4.48	4.5	3.3
-Balances with Government Authorities	-	13.97	58.83
-Preliminary Expenses	2.7	4.06	6.08
<b>Total</b>	<b>7.18</b>	<b>22.53</b>	<b>68.22</b>

The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

**NOTE – K**  
**RESTATED STATEMENT OF TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
<b>Trade Receivables</b>			
<b>Unsecured Considered good</b>			
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-	-
Dues From Directors, Related parties/Common Group Company, etc.	-	-	-
Others	1792.53	1,483.77	722.83
<b>Sub Total (A)</b>	<b>1792.53</b>	<b>1,483.77</b>	<b>722.83</b>
<b>Secured Considered good</b>			
Outstanding for a period not exceeding 6 months (Secured and considered Good)			
Dues From Directors, Related parties/Common Group Company, etc.		-	-
Others		-	-
<b>Sub Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1792.53</b>	<b>1,483.77</b>	<b>722.83</b>

**Trade Receivables ageing schedule as at 31 March 2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good	1773.60	6.12	3.77	-	-	1783.48
Undisputed Trade Receivables- considered doubtful	-	-	8.82	0.23	-	9.05
Disputed Trade Receivables considered good						-
Disputed Trade Receivables considered doubtful						-
Sub total						<b>1792.53</b>
Undue - considered good						-
Undue - considered doubtful						-
Provision for doubtful debts						-

Total						1792.53
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Trade Receivables ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good	1,471.62	2.6	9.56			1,483.77
Undisputed Trade Receivables- considered doubtful						-
Disputed Trade Receivables considered good						-
Disputed Trade Receivables considered doubtful						-
Sub total						1,483.77
Undue - considered good						
Undue - considered doubtful						
Provision for doubtful debts						
<b>Total</b>						<b>1,483.77</b>

Trade Receivables ageing schedule as at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good	716.66	6.17				722.83
Undisputed Trade Receivables- considered doubtful						-
Disputed Trade Receivables considered good						-
Disputed Trade Receivables considered doubtful						-
Sub total						722.83
Undue - considered good						
Undue - considered doubtful						
Provision for doubtful debts						
<b>Total</b>						<b>722.83</b>

NOTE – L  
RESTATED STATEMENT OF CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
<b>a. Balances with Banks in Current Accounts</b>	135.10	0.15	0.12
<b>b. Cash on Hand</b>	0.26	0.86	0.95
<b>c. Fixed Deposits</b>			
-HDFC Bank Fixed Deposit	14.36	123.81	0.10
-Electronica Finance Ltd Deposit	9.59	9.59	
<b>Total</b>	<b>159.32</b>	<b>134.41</b>	<b>1.17</b>

The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

NOTE – M  
RESTATED STATEMENT OF INVENTORIES

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
<b>Stock of Raw Material and Stock in Trade</b>			
Raw Material	281.01	254.06	162.52
Work-in- Progress (WIP)	365.93	321.93	102.56
Stock in Trade	61.88	48.82	68.16
Finished Goods	129.61	-	-



Total	838.43	624.81	333.24
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**NOTE – N**  
**RESTATED STATEMENT OF LOANS AND ADVANCES**

(Rs. in Lakhs)

Particulars	As at					
	31/03/2023		31/03/2022		31/03/2021	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
<b>Unsecured, Considered Good unless otherwise stated</b>						
Others						
-Advances to Employees		13.85		10.2		5.55
-Advance To suppliers		11.61		50.03		39.23
-GST Credit To be Taken		42.62		10.37		-
-Electronic Credit Ledger		85.47		95.95		12.49
-Export IGST Refund		62.99		62.99		28.98
-Advance Tax		230.00		52.00		10.00
-TCS Receivable		1.43		0.92		0.38
-TDS Receivable		11.48		11.61		3.73
<b>Total</b>	<b>-</b>	<b>459.45</b>	<b>-</b>	<b>294.08</b>	<b>-</b>	<b>100.34</b>

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. List of persons/entities classified as 'Promoters' and 'Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**NOTE – O**  
**RESTATED STATEMENT OF REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
<b>(a) Revenue from Operations</b>			
-Sale of Products (Domestic)	3397.24	2,066.33	733.37
-Sale of Services	420.27	517.30	258.86
-Sale of Products (Export)	1837.80	956.00	534.15
<b>(b) Other Operating Revenue</b>			
-Scrap Sales	576.71	340.9	80.73
-Freight Outward	0.30	2.37	-
<b>Total</b>	<b>6,232.33</b>	<b>3,882.91</b>	<b>1,607.11</b>

**NOTE – P**  
**RESTATED STATEMENT OF OTHER INCOME**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
<b>Related and Recurring Income:</b>			
-Rent Commercial	0.38	0.24	0.14
-Other Income	-	0	0.19
<b>Related and Non-Recurring Income:</b>			
-Foreign Currency Transaction gain	56.32	19.02	1.63
-Duty Drawback On Export	0.08	2.47	7.41
-Interest from Fixed Deposits	0.73	0.12	0
-Interest on IT Refund	0.84	-	-
-MEIS License Sale	8.41	1.28	-
<b>Total</b>	<b>66.77</b>	<b>23.14</b>	<b>9.37</b>

1. The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

**NOTE – Q**  
**RESTATED STATEMENT OF COST OF MATERIAL CONSUMED**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
Opening Stock of Raw Material	254.06	162.52	-
Purchase of Raw Materials & Components	3910.13	2,699.51	1,308.11
Less :Closing Stock of Raw Material	281.01	254.06	162.52
<b>Total</b>	<b>3883.19</b>	<b>2,607.97</b>	<b>1,145.59</b>

**NOTE – R**  
**RESTATED STATEMENT OF PURCHASE OF STOCK IN TRADE**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
-Purchase of Goods	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE – S**  
**RESTATED STATEMENT OF CHANGE IN INVENTORIES**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
Opening Balance of Raw Material, Finished Goods and Components			
(i) Finished Goods	-	19.8	
(ii) Work-in-Progress	321.93	102.56	
(iii) Stock-in-trade	48.82	48.36	-
<b>Total</b>	<b>370.75</b>	<b>170.72</b>	<b>-</b>
Less Closing Balance of Raw Material, Finished Goods and Components			
(i) Finished Goods	129.61		19.8
(ii) Work-in-Progress	365.93	321.93	102.56
(iii) Stock-in-trade	61.88	48.82	48.36
<b>Total</b>	<b>557.42</b>	<b>370.75</b>	<b>170.72</b>
<b>Increase/(Decrease) in Stock</b>	<b>(186.67)</b>	<b>(200.03)</b>	<b>(170.72)</b>

**NOTE – T**  
**RESTATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
Salaries and wages			
-Directors remuneration	-	-	-
-Employee's Salary Expenses	79.88	68.31	35.32
-Statutory bonus	30.33	26.16	10.28
-Wages	553.84	487.94	228.23
-Staff Welfare Expenses	29.32	19.47	10.66
-Contract Labour Charges	265.70	177.32	71.65
Contribution to provident and other funds			
-EPF	34.88	30.92	11.22
-ESIC	7.26	8.68	4.3
-Other	0.09	0.08	0.04
-Gratuity	6.34	6.71	2.01
-Leave Encashment	2.41	1.65	0.28
<b>Total</b>	<b>1010.04</b>	<b>827.25</b>	<b>373.99</b>

**NOTE – U**  
**RESTATED STATEMENT OF FINANCE COST**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
<b>Interest expense</b>			
-Interest on Cash Credit	47.33	24.78	13.8
-Interest on Term Loan from Bank/NBFC	61.85	6.62	1.5
Other borrowing costs			
-Loan Processing Cost/Bank charges	26.83	10.56	10.26
<b>Total</b>	<b>136.01</b>	<b>41.96</b>	<b>25.56</b>

**NOTE – V**  
**RESTATED STATEMENT OF DEPRECIATION & AMORTISATION**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
Depreciation on Property, Plant and Equipment	189.80	50.68	26.81
Amortization of intangible assets	0.2	0.36	0.31
-Preliminary exp written off	1.35	2.03	0.68
<b>Total</b>	<b>191.35</b>	<b>53.08</b>	<b>27.8</b>

**NOTE – W**  
**RESTATED STATEMENT OF OTHER EXPENSES**

(Rs. in Lakhs)

Particulars	For the period / Year ended		
	31/03/2023	31/03/2022	31/03/2021
Audit Fees	5	3.5	3.5
Office And Administration Expenses	3.03	6.29	-
Rates & taxes	1.58	3.33	-
<b>Rent</b>			
-Rent	18.91	90.58	79.17
<b>Labour Charges</b>			
Power and fuel	123.85	96.47	53.9
<b>Repair and Maintenance</b>			
-Repair & Maintenance - P&M	32.88	21.02	8.26
-Repair and Maintenance - Building	0.8	1.83	2.16
-Repair & Maintenance - Other	15.65	7.87	5.45
<b>Selling &amp; Distribution Expenses</b>			
-Business Promotion Expenses	12.31	1.7	2.6
<b>Other Business Administrative Expenses</b>			
-Crane Hire Charges	5.9	1.69	0.65
-Donation	0.30	0.7	0.51
-Housekeeping Expenses	0.59	1.63	1.76
-Insurance Charges	2.77	2.29	1.54
-Import Charges	0.18	3.24	0.21
-Interest Cost	0.75	0.02	0.06
-Other Expenses	3.31	0.87	1.49
-Printing And Stationery	1.9	1.12	2.63
-Professional Fee	20.39	12.99	8.79
-Security Charges	10.25	7.37	4.51
-Service Charges - MIDC	-	0.11	0.29
-Telephone Expenses	3.75	2.81	0.56

-Testing Charges	25.57	43.39	17.5
-Transport Charges	95.14	45.16	13.97
-Water Charges	3.81	3.23	0.85
-Travelling & Conveyance Expenses	8.58	7.14	5.06
<b>Total</b>	<b>397.20</b>	<b>366.34</b>	<b>215.43</b>

**NOTE – X**  
**RESTATED SUMMARY STATEMENT OF CONTINGENT LIABILITIES**

(Rs. in Lakhs)

Particulars	As at		
	31/03/2023	31/03/2022	31/03/2021
Contingent liabilities in respect of:			
Claims against the company not acknowledged as debts	-	-	-
Guarantees given on Behalf of the Company	-	-	-
Other commitments			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE – Y**  
**RESTATED STATEMENT OF RELATED PARTY TRANSACTIONS**

**AA RELATED PARTY DISCLOSURE**

(a) *List of Related parties*

*Names of the related parties with whom transactions were carried out during the years and description of relationship:*

Sr. No.	Name of the Person / Entity	Relation
1	Laxmikant Kole	Director
2	Madhuri Kole	Director
3	Shrinivas Kole	Director's Son(Appointed as Director w.e.f. 15 <sup>th</sup> May,2023
4	Laxmikant Kole HUF	Directors is Karta
5	Vyankatesh Realconstro LLP	Laxmikant Kole (Director) is Designated Partner
6	Sanskriti Engineering	Madhuri Kole (Director) is Partner

(b) *Transaction with related Parties: -*

Particulars	As at March 31,		
	31-Mar-23	31-Mar-22	31-Mar-21
<b>Remuneration Paid to Related Party</b>			
Shrinivas Kole	10.00	9.00	3.66
<b>Transactions with Related Parties During the Respective Year</b>			
<b>Laxmikant Kole</b>			
Purchase of Fixed Assets and others	-	19.06	535.91
Rent Paid	14.10	29.40	20.15
Other Material Purchased	-	1.46	-
Reimbursement of Expenses	25.36	2.87	-
Sales	-	-	0.11
Net loan received/repaid	18.74	12.78	472.72
<b>Madhuri Kole</b>			
Purchase of Fixed Assets and others	-	98.34	20.88
Rent Paid	2.88	53.14	55.00
Labour Charges Paid	-	-	0.72
Reimbursement of Expenses	3.73	-	-
Net loan received/repaid	19.11	188.14	104.37

<b>Balances at the end of year (LOAN)</b>			
<b>Payables/ (Receivables)</b>			
<b>Long Term Borrowings</b>			
Laxmikant Kole	603.21	619.11	606.25
Madhuri Kole	397.35	414.46	226.37
<b>Short Term Borrowings</b>			
Laxmikant Kole	60.00	-	-
Madhuri Kole	40.00	-	-
<b>Trade Payable</b>			
Balaji Enterprises	0.03	0.01	-

**NOTE – Z**  
**RESTATED STATEMENT OF TAX SHELTER**

(Rs. In Lakhs)

Particulars	As at March 31,		
	2023	2022	2021
Restated profit before tax as per books (A)	867.99	209.48	(1.17)
Tax Rates			
Income Tax Rate (%)	22.00%	25.00%	25.00%
Minimum Alternative Tax Rate (%)	0.00%	15.00%	15.00%
<b>Adjustments :</b>			
<b>B)</b>			
Income Considered Separately	(1.57)	(0.12)	0
Disallowed	3.81	26.33	0.73
Disallowed Gratuity and Leave Encashment	8.75	8.36	2.29
Leave Encashment Paid	-	-	-
<b>Timing Difference (C )</b>			
Book Depreciation	190.00	51.04	27.13
Income Tax Depreciation allowed	186.58	50.28	37.33
<b>Total Timing Difference</b>	<b>3.42</b>	<b>0.77</b>	<b>(10.20)</b>
Net Adjustment D= (B+C)	14.40	35.34	(7.18)
Tax Expenses as per Signed FS	222.47	64.69	-
Income from Capital Gains (E)	-	-	-
Income from Other Sources	1.57	0.12	0
Deduction under chapter VI (H)	-	0.35	-
Brought forward losses	-	9.99	-
<b>Taxable Income/(Loss) (A+D+E+G+H)</b>	<b>883.96</b>	<b>234.59</b>	<b>(8.35)</b>
Income Tax on Above	194.47	58.65	-
SC @10%/7%	19.45	4.11	-
Health & ED cess 4%	8.56	2.51	-
<b>Tax Payable</b>	<b>222.48</b>	<b>65.27</b>	<b>-</b>
MAT on Book Profit	-	31.42	-
Health & ED cess 4%	-	1.26	-
Interest Payable	-	1.45	-

**NOTE - ZA**  
**CAPITALISATION STATEMENT**

(Rs. in Lakhs)

Particulars	Pre Issue as at March 31, 2023	Post Issue as at March 31, 2023 (as adjusted for Bonus Issue)
<b>Borrowings</b>		
Short term debt (A)	1187.81	1187.81
Long Term Debt (B)	1690.18	1690.18

<b>Total debts (C)</b>	<b>2877.99</b>	<b>2877.99</b>
<b>Shareholders' funds</b>		
Equity share capital	1.00	*
Reserve and surplus - as restated	795.30	*
<b>Total shareholders' funds</b>	<b>796.30</b>	<b>*</b>
<b>Long term debt / shareholders' funds (in Rs.)</b>	<b>2.12</b>	<b>*</b>
<b>Total debt / shareholders' funds (in Rs.)</b>	<b>3.61</b>	<b>*</b>

\*The Corresponding post issue figure are not determinable at this stage, due to pendency of public issue, hence not furnished.

\*The post Issue Equity Share Capital and Reserves and Surplus has been adjusted for 59,90,000 bonus shares allotted by the Company on June 17, 2023 in the ratio of 599:1

**"Notes:**

1. Short term Debts represent which are expected to be paid/payable within 12 months and includes installment of term loans repayable within 12 months.
2. Long term Debts represent debts other than Short term Debts as defined above excluding installment of term loans repayable within 12 months grouped under short term borrowings
3. The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at 31.03.2023"

**NOTE – ZB  
RESTATED STATEMENT OF MANDATORY ACCOUNTING RATIOS**

*(Rs. in Lakhs Except Per Share Data)*

Particulars	as at		
	31/03/2023	31/03/2022	31/03/2021
Net Worth (A)	793.60	144.64	(10.85)
Adjusted Profit after Tax (B)	647.60	153.47	(3.22)
Number of Equity Share outstanding as on the End of Year (C)	10,000	10,000	10,000
Weighted average no. of Equity shares at the time of end of the year (D)	60,00,000	60,00,000	60,00,000
Face Value per Share	10	10	10
Restated Basic and Diluted Earnings Per Share (Rs.) (B/D)	10.79	2.56	(0.05)
Return on Net worth (%) (B/A)	81.60%	106.10%	29.64%
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Actual Number of Shares)	7935.96	1446.41	(108.53)
Net asset value per share (A/C) (Face Value of Rs. 10 Each) (Based on Weighted Average Number of Shares)	13.23	2.41	(0.18)
<b>EBITDA</b>	<b>1101.75</b>	<b>270.81</b>	<b>32.57</b>

*Analytical Ratios for March 31, 2023*

Particulars	Numerator/Denominator	March 31, 2023	March 31, 2022	Change in %	Reasons for more than 25% Variance
(a) Current Ratio	Current Assets	1.29	1.20	7.04%	
	Current Liabilities				
(b) Debt-Equity Ratio	Total Debts	3.61	18.83	(80.80%)	Equity of current year has increased due to profit accumulation compared to previous year, hence ratio improved.
	Equity				
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	3.67	3.23	13.70%	
	Interest + Installments				
(d) Return on Equity Ratio	Profit after Tax	137.06%	213.25%	(35.73%)	Avg shareholders' equity of current year has increased due to profit accumulation as compared to previous year, hence ratio impacted.
	Average Shareholder's Equity				
(e) Inventory turnover ratio	Total Turnover	8.52	8.11	5.09%	
	Average Inventories				
	Total Turnover	3.80	3.52	8.10%	

**Shri Balaji Valve Components Limited**

(f) Trade receivables turnover ratio	Average Account Receivable				
(g) Trade payables turnover ratio	Total Purchases	4.43	4.92	(9.93%)	
	Average Account Payable				
(h) Net capital turnover ratio	Total Turnover	8.53	8.93	(4.56%)	
	Net Working Capital				
(i) Net profit ratio	Net Profit	10.39%	3.95%	162.91%	During the year, activity of shifting of manufacturing from rented units to Owned premises completed which overall contributes for cost optimisation which increases profitability hence ratio improved.
	Total Turnover				
(j) Return on Capital employed	EBIT	26.59%	8.17%	225.53%	During the year, activity of shifting of manufacturing from rented units to Owned premises completed which overall contributes for cost optimisation which increases profitability hence ratio improved.
	Capital Employed				
(k) Return on investment	Return on Investment	-	-	-	
	Total Investment				

*Analytical Ratios for Financial Year 2021-22 and 2020-21*

Particulars	Numerator/Denominator	31 March 2022	31 March 2021	Change in %	Reasons for more than 25% Variance
(a) Current Ratio	Current Assets	1.20	1.51	(20.32%)	
	Current Liabilities				
(b) Debt-Equity Ratio	Total Debts	18.83	(293.44)	106.42%	Equity of current year has increased due to profit accumulation as compared to previous year, hence ratio improved.
	Equity				
(c) Debt Service Coverage Ratio	Earnings available for Debt Service	3.23	2.08	55.08%	During the year, activity of transfer of business from proprietorship to the company is completed and merging of two plants from different locations to one location, hence the revenue of the company increased drastically.
	Interest + Installments				
(d) Return on Equity Ratio	Profit after Tax	213%	103%	107.13%	Equity of current year has increased due to profit accumulation as compared to previous year, hence ratio improved.
	Average Shareholder's Equity				
(e) Inventory turnover ratio	Total Turnover	8.11	9.65	(15.96%)	
	Average Inventories				
(f) Trade receivables turnover ratio	Total Turnover	3.52	4.45	(20.86%)	
	Average Account Receivable				
(g) Trade payables turnover ratio	Total Purchases	4.92	8.18	(39.92%)	During the year, activity of transfer of business from proprietorship to the company is completed and merging of two plants from different locations to one location, hence the revenue of the company increased drastically.
	Average Account Payable				
(h) Net capital turnover ratio	Total Turnover	8.93	3.87	130.68%	Equity of current year has increased due to profit accumulation as compared to previous year, hence ratio improved.
	Net Working Capital				
(i) Net profit ratio	Net Profit	3.95%	(0.20%)	2074.53%	During the year, activity of transfer of business from proprietorship to the company is completed and merging of two plants from different locations to one location, hence the revenue of the company increased drastically.
	Total Turnover				

(j) Return on Capital employed	<b>EBIT</b>	8.17%	1.01%	705.87%	During the year, activity of transfer of business from proprietorship to the company is completed and merging of two plants from different locations to one location, hence the revenue of the company increased drastically.
	Capital Employed				
(k) Return on investment	<b>Return on Investment</b>	-	-	-	
	Total Investment				

**Note:**  
 "1) The ratios have been computed as below:  
 (a) Basic earnings per share (Rs.) -: Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the year  
 (b) Diluted earnings per share (Rs.) -: Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the year for diluted EPS  
 (c) Return on net worth (%) -: Net profit after tax (as restated) / Net worth at the end of the year  
 (d) Net assets value per share -: Net Worth at the end of the period or year / Total number of equity shares outstanding at the end of the year  
 2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.  
 3) Net worth for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus (including, Securities Premium, General Reserve and surplus in statement of profit and loss).  
 4) The figures disclosed above are based on the restated summary statements of the Company.  
 5) EBITDA has been calculated as Profit before tax + Depreciation + Interest Expenses - Other Income"

**Additional Information to the financial statements: -**

**NOTE NO. ZC**  
**Other Disclosures as per Schedule-III of the Companies Act, 2013**

(Rs in Lakhs)

ZC1 Value of imports calculated on C.I.F basis by the company during the financial year in respect of

Particulars	As at	As at	As at
	31-Mar-23	31-Mar-22	31-Mar-21
(a) Raw materials/ Traded Goods	17.16	61.17	0.67
(b) Plant & Machinery/Equipment's	-	-	-

ZC2 Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;

Particulars	As at	As at	As at
	31-Mar-23	31-Mar-22	31-Mar-21
(a) Travelling Expenses	Nil	Nil	Nil
(b) Other	Nil	Nil	Nil
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

ZC3 Total value of all imported and Indigenous raw materials, spare parts and components consumed during the financial year and the total value of all raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;

Details of consumption of Raw Material *	As at	As at	As at
	31-Mar-23	31-Mar-22	31-Mar-21
(i) Imported Raw materials	17.16	54.94	0.67
(ii) Indigenous Raw materials	3866.02	2,553.03	1,144.92

(\*) Note 1: The stores and spares consumed are 100% indigenous.

ZC4 Earnings in foreign exchange



**Shri Balaji Valve Components Limited**

	Particulars	As at	As at	As at
		31-Mar-23	31-Mar-22	31-Mar-21
(a)	Export of goods calculated on FOB basis	1837.80	956.00	534.15

ZC5 Amounts remitted in foreign currency during the year on account of dividend

	Particulars	As at	As at	As at
		31-Mar-23	31-Mar-22	31-Mar-21
(a)	Amount of dividend remitted in foreign currency	Nil	Nil	Nil

NOTE NO. ZD: Other Disclosures

ZD1 Disclosures related to Micro, Small and Medium Enterprises.

The Company has made payments of dues to Micro, Small and Medium enterprises generally within stipulated period of 45 days as prescribed under Micro, small and Medium Enterprises Development Act.

The details relating to Micro, Small and medium enterprise disclosed as under:

S N	Particulars	As at	As at	As at
		31-Mar-23	31-Mar-22	31-Mar-21
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	465.92	359.38	198.7
2	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
3	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

ZD2 Leases

Particulars	As at	As at	As at
	31-Mar-23	31-Mar-22	31-Mar-21
Future minimum rentals payable under non- cancellable operating Lease			
- Not later than one Year	9.00	18.91	90.58
- Later than one Year and not later than five years	27.00	36.00	45.91
Lease payments recognized in the Statement of profit and loss for the period, with separate amount	18.91	90.58	79.17

ZD3 Foreign Exchange exposure as on year-end are as under:

	Particulars	As at	As at	As at
		31-Mar-23	31-Mar-22	31-Mar-21
(a)	Amount Receivable	259.91	301.66	133.82
(b)	Advance received for supply of goods	NIL	NIL	NIL

ZD4 Accounting Ratios

SN	Particulars	As at	As at	As at
		31-Mar-23	31-Mar-22	31-Mar-21
1	Current Ratio	1.29	1.20	1.51
2	Debt-Equity Ratio	3.61	18.83	(293.44)
3	Debt Service Coverage Ratio	3.67	3.23	2.09
4	Return on Equity Ratio	137.06%	213.25%	102.96%

*Shri Balaji Valve Components Limited*

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5	Trade Receivables turnover ratio (in times)	3.80	3.52	4.45
6	Net capital turnover ratio (in times)	8.53	8.93	3.87
7	Net profit ratio	10.39%	3.95%	(0.20%)
8	Inventory Turnover Ratio	8.52	8.11	9.65
9	Return on Capital employed	26.59%	8.17%	1.01%

**OTHER FINANCIAL INFORMATION**

The audited financial statements of our Company as at and for the year ended March 31, 2023 March 31, 2022 and March 31, 2021 and their respective Audit reports thereon (Audited Financial Statements) are available at [www.balajivalvecomponents.com](http://www.balajivalvecomponents.com).

Our Company is providing a link to this website solely to comply with the requirements specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) Red Herring Prospectus (iii) Prospectus, a statement in lieu of a prospectus, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2018, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision. Neither our Company, nor BRLM, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below: -

<b>Particular</b>	<b>31/03/2023</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
Profit After Tax (₹ in lakhs)	647.6	153.47	(3.22)
Basic & Diluted Earnings per Share (Based in Weighted Average Number of Shares)	10.79	2.56	(0.05)
Return on Net Worth (%)	81.60%	106.10%	29.64%
NAV per Equity Shares (Based on Actual Number of Shares)	7935.96	1446.41	(108.53)
NAV per Equity Shares (Based on Weighted Average Number of Shares - With Bonus Effect)	13.23	2.41	(0.18)
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,101.75	270.81	32.57

**STATEMENT OF FINANCIAL INDEBTEDNESS**

To,

The Board of Directors,  
**Shri Balaji Valve Components Ltd**  
 Plot No. PAP B-31, Phase-2 Khed,  
 Chakan MIDC, Bhamboli,  
 Pune- 410501, Maharashtra.

Dear Sirs,

Based on the independent examination of Books of Accounts, Audited Financial Statements and other documents of Shri Balaji Valve Components Limited and further explanations and information provided by the management of the Company, which we believe to be true and correct to the best of our information and belief, the sanctioned amount of financial indebtedness, principal terms of security for loan based on Sanction letter and outstanding balance of loans as on 31st March, 2023 are mentioned below.

**SECURED LOANS**

**STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY AS PER SANCTION LETTER**

(Rs. in Lakhs)

Name of Lender	Purpose	Loan/ Agreement A/c No./Ref. No.	Sanctioned Amount (In Lakhs)	Rate of interest	Primary & Collateral Security	Re-Payment Schedule	Disbursed Till 31 <sup>st</sup> March, 2023	Outstanding amount as on 31.03.2023 as per Books (In Lakhs)
Electronica finance	Machine purchases	Term Loan -1055654	31.98	9.33%	<b>Primary Security:-</b> CNC Vertical machining Center AGNI+ Model V4 <b>Guarantors:-</b> Personal guarantee of 1)Laxmikant Kole 2) Madhuri Kole	60 monthly installments of Rs. 0.67 lakhs each commencing from May.'21 (inclusive of interest)	31.98	21.44
HDFC Bank	Machinery	EEG Term Loan -84699495	29.03	7.75%	<b>Primary Security :-</b> Industrial properties, Plant & Machinery, MIDC Plot, Stock, Debtors, Fixed Deposits, Other current Assets, LC, Export Stock, FD for PSR  <b>Collateral Security: -</b> Personal guarantee of 1) Laxmikant Kole 2) Madhuri Kole	46 monthly installments of Rs. 0.71 lakhs each commencing from October.'20 (inclusive of interest)	28.49	10.87
HDFC Bank	Building Construction PAP - B-31	EEG Term Loan - 85439399	750	7.75%		66 monthly installments of Rs. 11.77 lakhs each	588.40	482.29

**Shri Balaji Valve Components Limited**

						commencing from July.'21 (inclusive of interest)		
HDFC Bank	Other Equipment PAP - B -31	EEG Term Loan – 86197566	300	7.75%		84 monthly installments of Rs. 3.83 lakhs each commencing from March.'22 (inclusive of interest)	240.06	225.09
HDFC Bank	Working capital	EEG Term Loan – 452308102	91.99	8.25%		60 monthly installments of Rs. 2.89 lakhs each commencing from March.'22 (inclusive of interest)	91.99	91.99
<b>Total Long Term Borrowings (Including Current Maturities) (A)</b>								<b>831.68</b>
HDFC Bank	Working Capital	HDFC Bank CC	900	7.75%	Current asset (i.e. stock & Debtors ) given as primary & collateral security	-	N.A.	945.75
<b>Total Short Term Borrowings (B)</b>								<b>945.75</b>
<b>Total (Fund Based) (A+B)</b>								<b>1777.43</b>
<b>Total (Non Fund Based) – Limit Rs 1570.00 Lakhs (Sub limits of Facility)</b>								<b>-</b>
<b>Grand Total O/s as on 31<sup>st</sup> March, 2023 (Fund &amp; Non Fund Based)</b>								<b>1777.43</b>

\*Repayment Schedule shown above is on the basis of latest loan amount disbursed.

**Note 1**

**HDFC BANK LOAN: SECURITY**

**Primary Security: -**

Equitable Mortgage over the following properties:

- 1) Plot No. Pap - B - 130, MIDC, Chakan Industrial Area, Phase – II, Near Vara Milk Food Speciality Bambholi Pune Maharashtra -410501 (security provided by Company)
- 2) Plot No. PAP-B-310, Chakan Industrial area, Bhambholi Village, Tal Khed, Dist. Pune- 410501, State- Maharashtra (security provided by Company)
- 3) Plot No PAP B 31, MIDC, Phase II, Bhamboli MIDC, - Industrial Properties used for Commercial activity (security provided by Company)
- 4) Residential Property S No 150 152 153 Row Resi - Row House, House No 789 Sant Dnyaneshwar Nagar, Morwadi Shrinivas Vishwa Co Op Housing Society, Near SNBP School Morwadi Pimpri Pune Maharashtra - 411018 (personal property of Promoter/Director)
- 5) Residential plot (vacant Land) CTS No 4726/42, Manisha, Pandharpur Tal Pandharpur, Dist. Solapur, State- Maharashtra -413304 (personal property of Promoter/Director)
- 6) Residential plot (vacant Land) CTS No 4726/43, Manisha, Pandharpur Tal Pandharpur, Dist. Solapur, State- Maharashtra -413304 (personal property of Promoter/Director)
- 7) Industrial Property Plot No 188 PCNTDA, Sector No 7, Bhosari MIDC, Bhosari, Pune, Maharashtra -411026 (personal property of Promoter/Director)

**Personal Guarantee: -**

- 1) Balaji Enterprises.
- 2) Shrinivas Engineering.
- 3) Laxmikant Sadashiv Kole.
- 4) Madhuri Laxmikant Kole.

**Principal General terms & Conditions of HDFC Bank Limited:**

The interest on facility should be paid on Monthly rest, unless otherwise specified. Interest needs to be served by the 3rd of every month.

In addition to the rate of interest, following penal rate of interest/ charges will be charged: -

<b>1. Interest Servicing</b>	In case of a CC/OD facility, last day of every month Note:- Interest to be serviced within 3 days of The applicable due dates even if the utilization is within the sanctioned limits.
<b>2. Interest Levy</b>	Charged @ 18.00% p.a. on overdue/ delays/ defaults of any monies payable.
<b>3. Commitment Charges</b>	Charged @ 0.50% p.a. on quarterly basis, On the entire unutilized portion, if average utilization is less than 60%. (only CC OD facility)
<b>4. Stock Statement</b>	To Be submit the stock statement on Monthly Basis with ageing details, on or before the 7th day of the month. The book debts statements will not include receivables from affiliates of the borrower.
<b>5. Additional Interest levy</b>	Charged @ 2% p.a. additional interest levy over existing rate of interest on account of:- 1. Maintaining Current Account with Other Bank while facility is granted under Sole Banking (applicable where specific permission is not taken by the customer). 2. Deterioration in account conduct.
<b>6. Penal Interest levy</b>	Charged @ 2% p.a. Penal interest levy over existing rate of interest for: 1. Non-submission of documents for renewal of credit facilities. 2. Non submission of Stock statement. 3. Non submission of Stock and Property Insurance policy including renewal policy. 4. Non-compliance in documentation for the credit facility.
<b>7. Service Charges - for processing Physical Stock Statement :-</b>	Rs. 500 for every physical stock statement collected or submitted.
<b>8. Stock Audit Charges :</b>	1. For Sanctioned Limits up to Rs. 5 Cr: Rs.8, 000/- plus taxes as applicable. 2. For Sanctioned Limits above Rs 5 Cr: Rs.12, 000/- plus taxes as applicable.
<b>9. Conversion Charges (For revising rate of interest) :</b>	@ 0.25% plus taxes as applicable on loan outstanding in case of Term loan and on sanctioned amount for other Working Capital Facility (e.g. Cash Credit / Overdraft etc.) or Rs. 5, 000 plus taxes as applicable, Whichever is higher.
<b>10. Cersai Charges for creation / modification of security interest on collateral securities:</b>	Rs 100/- per Collateral security for each creation/ modification of charges.

**Terms and Conditions Related to: -**

Cash Credit, Overdraft, Working Capital Demand Loan, Overdraft against Property and Cheque Protect: -

- 1) Notwithstanding anything contained in the Master Facility Agreement ("Agreement"), the provisions contained in this Annexure shall apply to the Cash Credit/ Overdraft/ Working Capital Demand Loan/ Overdraft against Property/ Cheque Protect Facility Sub-limit (the "CC/ OD/ WCDL/ ODAP/ CP") granted or agreed to be granted to the Borrower.
- 2) Without prejudice to the Bank's rights and remedies under the Agreement and/or rights and remedies available to it under Law, if the Obligations of the Borrower with respect to the CC/ OD/ WCDL/ ODAP/ CP, as the case may be, exceeds the applicable Facility Sub-Limit of this CC/ OD/ WCDL/ ODAP/ CP, as the case may be, whether on account of debiting of Interest or any other charges by the Bank to the Operative Account or for any other reason whatsoever, the Borrower shall be liable to pay an interest at the rate of 18 % per annum or such other rate which the Bank may fix from time to time, on such amount from the date on which
- 3) The Obligations of the Borrower with respect to the CCI OD/ WCDL/ ODAP/ CP, as the case may be exceeding the applicable Facility Sub-limit.

- 4) The Borrowers do hereby agree that if any Cheque is drawn by them on the Bank which is in excess of drawing power, under the CC/ OD/ WCDL/ ODAP/ CP, as the case may be, granted by the Bank to Borrowers as per the Facility Schedule to the Agreement, the Bank shall be in its absolute discretion entitled to dishonour such Cheque and the Bank's decision will be binding on Borrowers.
- 5) With reference to any CC/OD facility, in event of any overdue un-serviced interest amount, the Bank reserves the right to recover the monthly overdue interest amount on or after the 4th of the subsequent month from the Operative Account. This transaction will take place subject to the availability of funds in the account.

**Standard Terms & Conditions:**

- 1) All Interest rates are linked to Reference Rate.
- 2) In event of Overdue Unserviced Interest Amount, Bank reserves the right to recover the monthly overdue interest amount on or post the 4th of the subsequent month from the linked account under the same customer ID. This transaction will take place subject to the availability of funds in the account. (Only for CC/OD facility)
- 3) Limits are reset on the basis of DP every month and there will be no separate intimation on the same.
- 4) Borrower is liable to be charged 4% of the total limits sanctioned in case the facilities are taken over by another Bank during the tenor of the loan. For Term Loans it would be charged on Principal Outstanding as on date.
- 5) The Borrower shall not transfer, sell, lease, grant on license or create any third party interest of any nature whatsoever on the Security without the prior written consent of the Bank.
- 6) Credit Facilities are payable on demand and are subject to annual renewal. Renewal documents are to be submitted 60 days prior to expiry of the limit as mentioned in the facility details above. Bank reserves the right to charge an additional 2% interest rate on the outstanding amount in case the documents are not submitted within the due date. This would be over and above any additional charge, if any, that may have been levied to the customer.
- 7) In the event of any change/addition in the premises where the stocks are stored, the Borrower shall provide prior information to HDFC Bank through a written communication to the concerned Relationship Manager/Branch. This communication has to reach the RM / Branch atleast 7 days prior to such change. The Borrower shall also maintain adequate insurance on the stocks as per the changed/added premises with the name of the Bank as loss payee in all such policies and deliver to the Bank evidence of the same.
- 8) The Bank reserves an unconditional right to cancel the undrawn/unused/unavailed portion of the loan/facility sanctioned at any time during the currency of the Loan/Facility, without any prior notice to the borrower. Such instances will be notified within 30 days. If such change is to borrower's disadvantage, then borrower may within 60 days and without notice close the account or switch it without having to pay any extra charges or interest.

**Note 2 - ELECTRONICA FINANCE LIMITED: SECURITY**

**Primary Security: -**

CNC VERTICAL MACHINING CENTER ' AGNI+ " MODEL "V4"

The facility is personally guaranteed by following persons: -

- 1) Laxmikant Sadashiv Kole.
- 2) Madhuri Laxmikant Kole

**Principal General terms & Conditions of EFL Finance Limited:**

Following penal rate of interest/ charges will be charged: -

<b>1. Cheque/ ECS Dishonor Charges</b>	Rs. 1000/- + GST
<b>2. Visit Charges</b>	Rs.1000/- Per Visit of EFL person for EMI Collection
<b>3. Overdue Charges</b>	@36% PA Calculated on Daily Basis from EMI Date to Actual EMI Receipt Date
<b>4. Expenses related to Repossession of All Assets</b>	At Actual Cost incurred by EFL

<b>5. Pre-Payment/ Foreclosure Charges</b>	5% on Outstanding Principal for first 12 Months, 4% on Outstanding Principal during Month No. 13-24, 3% on Outstanding Principal from Month No. 25 Onwards.
<b>6. Bank Charges/Cheque/ ECS Swapping</b>	Rs. 750/- + GST

**B. UNSECURED LOANS**

Name	Purpose	Rate of Interest	Repayment	Outstanding Amount (in Lakhs )as per Books as on 31-03-2023
<b>Unsecured Loan – From Directors (Long term + Short term)</b>				
Balaji Enterprises (Mr. Laxmikant Kole)	Business	-	-	663.21
Shrinivas Engineering (Mrs. Madhuri Kole)	Business	-	-	437.35
<b>TOTAL UNSECURED LOANS</b>				1100.56

**For Kishor Gujar & Associates**  
**Chartered Accountants**  
**Firm Registration no: 116747W**

CA Laxmi Rawat (Partner)  
Membership No: 134752  
Place: Pimpri, Pune-18  
Date: August 09, 2023



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

You should read the following discussion in conjunction with our restated financial statements attached in the chapter titled “**Financial Information of the Company**” beginning on page 122. You should also read the section titled “**Risk Factors**” on page 22 and the section titled “**Forward Looking Statements**” on page 17 of this Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could affect our financial condition and results of operations. The following discussion relates to us, and, unless otherwise stated or the context requires otherwise, is based on our Restated financial Statements. Our financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our auditor dated June 14, 2023 which is included in this Draft Red Herring Prospectus under “Financial Statements”. The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Our financial year ends on March 31 of each year, and all references to a particular financial year are to the twelve-month period ended March 31 of that year.

### **Business Overview**

Our Company, an ISO 9001-2015 certified company, is engaged in the business of manufacturing of ready to assemble valve components catering to manufacturing of the valves which are used in different industries and in different size depending on the customer's specifications. We manufacture and supply various types of valve components which are used in manufacturing of ball valves, butterfly valves and other valve including forging products. Our valve components are used to manufacture valves which serve industries which are in different sectors. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by Norsok.

We are into machining of components and delivering 'Ready to assemble' valve components according to customers designs and specifications. Currently, our company is operating from its 2 manufacturing facilities located at Pune, Maharashtra. One of our manufacturing facilities is located at Bhosari, Pune which is equipped with the forging capabilities and heat treatment capabilities, the second manufacturing facility is located at Chakan MIDC, Bhamboli, Pune which undertakes the machining work. Most of our valves components are made as per the requirements specified by our customers'. We work in close connections with our clients, so that our valve components match with the customers' requirement and can handle the desired applications. Over the years, our valve components have proved suitable and safe for many operations requirements. We manufacture valve components using the forging method, bar routing method and casting methods. In case of any casting products, we generally get the casts manufactured from the customers nominated vendors or outsourcing. The use of methods depends upon the manufacturing plans, customer requirements, component manufactured, material complexity etc.

Our company was incorporated in 2011, prior to the incorporation our Promoter, Laxmikant Sadashiv Kole had commenced the business of manufacturing of machined and valves components through his proprietary concern M/s Balaji Enterprises, from where he started the initial production during the year 1992. With the knowledge of valve component industry, the vision and business intellect of our promoter, the proprietorship concern of our promoter expanded its operations during the first decade of its operation. Later during the year 2003, to co-op with the similar business and allied activities, M/s Shrinivas Engineering proprietary concern was established by Madhuri Laxmikant Kole, our promoter. Later, during the fiscal 2021, in order to achieve the synergy benefits from combining both the proprietary concerns the promoters decided to transfer all the assets and liabilities of both the proprietorship concern i.e. M/s Balaji Enterprises & M/s Shrinivas Engineering to our company.

Our manufacturing facility situated at Bhosari, Pune is equipped with forging plant of upto 1.5 metric tonne hammer, oil fired furnace, trimming press, heat treatment furnace etc. which can be used for functions like annealing, hardening, tempering and normalizing along with manufacturing forging components. During the year 2023, we established our second manufacturing unit at Chakan MIDC, Bhamboli, Pune which is a two floored shop facility, equipped with machines like air compressor, ball grinding machine, multi spindle drilling machine, bandsaw machine, tool grinding machine, lathe machine, VMC machine, CNC machine, surface polishing machine, HMC machine, radial drilling machine, bench grinder, fiber laser marking machine etc. The facilities are equipped with crane, centralised air and coolant line, material movement vehicles etc for material movement and ease in operations. The facilities also have fire system for safety of the infrastructure and our employees. To adhere to the quality of components we have an inhouse testing facility which is equipped with TRIMOS, relevant measurement instruments. Our manufacturing facilities are equipped with machines suitable for carrying out our manufacturing operations smoothly and efficiently.

Our Promoters, Laxmikant Sadashiv Kole, Madhuri Laxmikant Kole and Shrinivas Laxmikant Kole have experience of around 30 years, 20 years and 4 years respectively in the valve components industry. The experience of our Promoters has been instrumental in

determining the vision and growth strategies for our Company. We further believe that our market position has been achieved by adherence to the vision of our Promoters and senior management team and their experience of the industry.

Our company is very quality conscious and make continuous efforts to maintain the desired level of quality starting from the raw material inward stage, manufacturing process and packaging and storage stage. We maintain a continuous check at different levels of output to ensure that the product is in conformity with quality standards and meet the customer's specification. We also undertake discussion with the customers to understand the design specifications at the RFQ stage to the production stage, so that the valve components match with the customer's requirements. We have obtained ISO 9001:2015 for Quality Management System issued by DNV - Business Assurance for manufacture and sale of forged and heat-treated components, machined components, and production tooling for engineering industry. Further, our manufacturing system have been certified for establishment and application of the Quality management system for manufacturer of materials according to directives 2014/68/EU by PED & the products manufactured by closed die forging have been certified to comply with the requirements specified by NORSOK.

**Financial Snapshot**

(All amounts in Rs. Lakhs)

Key Financial Performance	For the year		
	31-Mar-23	31-Mar-22	31-Mar-21
Revenue from operations <sup>(1)</sup>	6232.33	3882.91	1607.11
EBITDA <sup>(2)</sup>	1101.75	270.81	32.57
EBITDA Margin <sup>(3)</sup>	17.68	6.98	2.03
PAT	647.6	153.47	(3.22)
PAT Margin <sup>(4)</sup>	10.39	3.95	-
Networth <sup>(5)</sup>	793.60	144.64	(10.85)
RoNW(%) <sup>(6)</sup>	81.60	106.10	-
RoCE (%) <sup>(7)</sup>	26.59	8.17	1.01

**Notes:**

1. Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements
2. EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses - Other Income
3. 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations
4. 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.
5. Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company.
6. Return on Net Worth is ratio of Profit after Tax and Net Worth.
7. Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus total borrowings {current & non-current}.

**Geographical Revenue Break up**

Sr. No.	Particular	Revenue (Amount in Lakhs)		
		31-Mar-23	31-Mar-22	31-Mar-21
1	Domestic Sales	3817.51	2,583.63	992.24
2	Export sales	1837.80	956.00	534.15
3	Other operating revenue	577.01	343.28	80.73
	<b>Total</b>	<b>6,232.33</b>	<b>3,882.91</b>	<b>1,607.11</b>

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

For details in respect of "Statement of Significant Accounting Policies", please refer to Annexure IV of Restated Financial Statements beginning on page 122 of this Draft Red Herring Prospectus.

**Factors Affecting our Results of Operations**

1. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
2. Changes in consumer demand;
3. Failure to successfully upgrade our product portfolio, from time to time;
4. Any change in government policies resulting in increases in taxes payable by us;
5. Our ability to retain our key managements persons and other employees;

6. Changes in laws and regulations that apply to the industries in which we operate.
7. Our failure to keep pace with rapid changes in technology;
8. Our ability to grow our business;
9. Our ability to make interest and principal payments on our existing debt obligations and satisfy the other covenants contained in our existing debt agreements;
10. general economic, political and other risks that are out of our control;
11. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
12. Company's ability to successfully implement its growth strategy and expansion plans;
13. failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
14. inability to successfully obtain registrations in a timely manner or at all;
15. occurrence of Environmental Problems & Uninsured Losses;
16. conflicts of interest with affiliated companies, the promoter group and other related parties;
17. any adverse outcome in the legal proceedings in which we are involved;
18. Concentration of ownership among our Promoter;
19. The performance of the financial markets in India and globally;
20. Global distress due to pandemic, war or by any other reason.

Discussion on Result of Operations

The following discussion on results of operations should be read in conjunction with the Restated Financial Statements for the financial years ended on March 31, 2023, 2022 and 2021.

(Rs. in Lakhs)						
Particulars	March 31, 2023	% of Total Income	March 31, 2022	% of Total Income	March 31, 2021	% of Total Income
Revenue from Operation	6,232.33	98.94	3,882.91	99.41	1,607.11	99.42
Other Income	66.77	1.06	23.14	0.59	9.37	0.58
<b>Total Income</b>	<b>6,299.10</b>	100	<b>3,906.05</b>	100	<b>1,616.49</b>	100
<b>Expenditure</b>				0		0
Cost of material Consumed	3,883.19	61.65	2,607.97	66.77	1,145.59	70.87
Change in inventories of finished goods, work in progress and stock in trade	(186.67)	(2.96)	(200.03)	(5.12)	(170.72)	(10.56)
Employee Benefit Expenses	1010.04	16.03	827.25	21.18	373.99	23.14
Finance Cost	136.01	2.16	41.96	1.07	25.56	1.58
Depreciation and Amortization Expenses	191.35	3.04	53.08	1.36	27.8	1.72
Other Expenses	397.20	6.30	366.34	9.38	215.43	13.33
<b>Total Expenditure</b>	<b>5,431.11</b>	86.22	<b>3,696.57</b>	94.64	<b>1,617.65</b>	100.07
<b>Profit/(Loss) Before Tax</b>	<b>867.99</b>	13.78	<b>209.48</b>	5.36	<b>(1.17)</b>	(0.07)
<b>Tax Expense</b>						
Tax Expense for Current Year	222.47	3.53	65.25	1.67	-	-
Short/(Excess) Provision of Earlier Year	0.85	0.01	0.13	0	-	-
Deferred Tax	(2.94)	(0.05)	(9.37)	(0.24)	2.05	0.13
<b>Profit/(loss) after tax</b>	<b>647.6</b>	10.28	<b>153.47</b>	3.93	<b>(3.22)</b>	(0.20)

**Revenue from operations:**

Revenue from operations mainly consists of revenue from sale of manufactured goods which included different kinds of valve components and sale of service of job work and scrap.

**Other Income:**

Other income primarily comprises of foreign currency transaction gain, duty drawback on export, interest from fixed deposits, interest on income tax refund and income from sale of MEIS license.

**Total Expenses:**

Total expenses consist of operating cost like Cost of Material consumed, Change in inventories of finished goods, work in progress and stock in trade, Employee benefits expense, Finance costs, Depreciation and amortization expenses and other expenses.

**Cost of Material consumed**

Cost of Material consumed expenses primarily comprises of Purchase of raw material, and change in stock of raw material.

**Change in inventories of finished goods, work in progress and stock in trade**

Change in inventories of finished goods, work in progress and stock in trade comprises of increase/ (decrease) in stock of finished goods.

**Employee benefits expense:**

Employee benefits expense primarily comprises of Salaries, wages & bonus expenses, Staff welfare expenses, labour welfare fund and Employers Contribution to ESI and PF and Gratuity.

**Finance Costs:**

Our finance cost includes Interest expenses and Bank charges.

**Depreciation and Amortization Expenses:**

Depreciation includes depreciation on plant & machinery, furniture and fixtures, office equipment, computer, factory building, vehicle and computer software.

**Other Expenses:**

Other Expenses consists of audit fees, office and administration expenses, rates & taxes, rent, labour charges, power and fuel, repair and maintenance, selling & distribution expenses, business promotion expenses, other business administrative expenses like crane hire charges, donation, housekeeping expenses, insurance charges, import charges, printing and stationery, professional fee, security charges, service charges – MIDC, telephone expenses, testing charges, transport charges, water charges, travelling & conveyance expenses, etc.

**FINANCIAL PERFORMANCE HIGHLIGHTS FOR THE PERIOD ENDED MARCH 31, 2023**

**Total Income:**

Total income for the period ended March 31, 2023 stood at Rs. 6299.10 Lakhs. The total income consists of revenue from operations and other income.

**Revenue from Operations**

During the period ended March 31, 2023 the net revenue from operation of our Company was Rs. 6232.33 Lakhs from sale of manufactured goods which included different kinds of valve components and sale of service of job work and scrap.

**Other Income:**

During the period ended March 31, 2023 the other income of our Company stood at Rs 66.77 Lakhs. The main components of the other income primarily comprises of foreign currency transaction gain, duty drawback on export, interest from fixed deposits, interest on income tax refund and income from sale of MEIS license.

**Total Expenses**

Total expenses consist of cost like cost of material consumed, change in inventories of finished goods, work in progress and stock in trade, employee benefits expense, finance costs, depreciation and amortization expenses and other expenses. During the period ended March 31, 2023 the total expenses of our Company stood at Rs 5431.11 Lakhs.

**Cost of Material consumed**

During the period ended March 31, 2023 the Cost of Material consumed expenses of our Company stood at Rs. 3883.19 Lakhs. Our Cost of Material consumed expenses primarily comprises of Purchase of material and other attributable costs related to purchase of raw material.

**Change in inventories of finished goods and work in progress**

During the period ended March 31, 2023 Change in inventories of finished goods, work in progress and stock in trade of our Company stood at Rs (186.67) Lakhs. Our Change in inventories of finished goods, work in progress and stock in trade comprises of increase/(decrease) in finished goods.

**Employee benefits expense:**

During the period ended March 31, 2023 the employee benefit expenses of our Company stood at Rs. 1010.04 Lakhs. The main components of the employee benefit expenses are Salaries & wages.

**Finance Costs:**

During the period ended March 31, 2023 the Finance Cost expenses of our Company stood at Rs. 136.01 Lakhs. Our finance cost includes Interest expenses and Bank charges

**Depreciation and Amortization Expenses:**

During the period ended March 31, 2023 the Depreciation and amortization charges of our Company stood at Rs. 191.35 Lakhs, during the period the company has capitalized the fixed assets amounting to Rs. 1231.21 lakhs including Building, Electrical installation & Other Equipment.

**Other Expenses:**

During the period ended March 31, 2023 the Other Expenses of our Company stood at Rs. 397.20 Lakhs Other Expenses consists of audit fees, office and administration expenses, rates & taxes, rent, power and fuel, repair and maintenance, selling & distribution expenses, business promotion expenses, other business administrative expenses like crane hire charges, donation, housekeeping expenses, insurance charges, import charges, printing and stationery, professional fee, security charges, service charges – MIDC, telephone expenses, testing charges, transport charges, water charges, travelling & conveyance expenses, etc.

**Restated Profit before tax:**

The Company reported Restated profit before tax for period ending March 31, 2023 of Rs. 867.99 Lakhs.

Restated profit after tax:

The Company reported Restated profit after tax for period ending March 31, 2023 of Rs. 647.60 Lakhs.

**FINANCIAL YEAR 2023 COMPARED TO FINANCIAL YEAR 2022**

**Total Income:**

Total income for the financial year 2022-23 stood at Rs. 6299.10 Lakhs whereas in Financial Year 2021-22 the same stood at Rs. 3906.05 Lakhs representing an increase of 61.27%. The main reason of increase was increase in the volume of business operations of the company.

### **Revenue from Operations**

During the financial year 2022-23 the net revenue from operation of our Company increased to Rs. 6232.33 Lakhs as against Rs. 3882.91 Lakhs in the Financial Year 2021-22 representing an increase of 60.51%. The main reason of increase was increase in the export turnover from Rs. 974.42 lakhs during FY 2021-22 to Rs. 1896.18 lakhs during FY 2022-23, also the sales of (i) SSBV ball increased from Rs. 1263.01 lakhs in the financial year 2021-22 to Rs. 2436.63 lakhs in the Financial Year 2022-23 (ii) Stem and trunnion sale increased from Rs. 365.78 lakhs in the financial year 2021-22 to Rs. 987.28 lakhs in the Financial Year 2022-23 and (ii) sale for bonnets and forging components which was Rs. 389.15 lakhs in financial year 2021-22 increased to Rs. 828.88 lakhs in financial year 2022-23.

### **Other Income:**

During the financial year 2022-23 the other income of our Company increased to Rs. 66.77 Lakhs as against Rs. 23.14 lakhs in the Financial Year 2021-22 representing an increase of 188.55% which was due to impact of Foreign Currency Transaction gain amount to Rs. 56.32 lakhs during the FY 2023 in comparison with Rs. 19.02 lakhs during the year 2022.

### **Total Expenses**

The total expense for the financial year 2022-23 increased to Rs. 5431.11 Lakhs from Rs. 3696.57 lakhs in the Financial Year 2021-22 representing an increase of 46.92%. Such increase was due to increase in business operations of the Company.

### **Cost of material consumed**

The Cost of material consumed for the financial year 2022-23 increased to Rs. 3883.19 lakhs from Rs. 2607.97 lakhs in the Financial Year 2021-22 representing an increase of 48.90%. Such increase was due to increase in business operations of the Company.

### **Change in inventories of finished goods and work in progress**

The closing inventories of finished goods and work in progress for the financial year 2022-23 was Rs (186.67) lakhs as compared to Rs (200.03) lakhs in the Financial Year 2021-22 representing a decrease in change in inventories of 6.68%.

### **Employee benefits expense:**

Our Company has incurred Rs. 1010.04 Lakhs as Employee benefits expense during the financial year 2022-23 as compared to Rs. 827.25 Lakhs in the financial year 2021-22. The increase of 22.10% was due to increase in (i) Employees Salary Expenses from Rs. 601.88 lakhs to Rs. 693.36 lakhs which amount to 15.20% (ii) Contribution to provident and other funds from Rs. 48.04 lakhs in financial year 2021-22 as compared to Rs. 50.98 lakhs which amounts to increase of 6.10%.

### **Finance Cost**

Our Company has incurred Rs. 136.01 Lakhs as finance cost during the financial year 2022-23 as compared to Rs. 41.96 Lakhs in the financial year 2021-22. The increase of 224.16% was due to increase in borrowings during the latter half of FY 2022.

### **Depreciation and Amortization Expenses:**

Depreciation for the financial year 2022-23 stood at Rs. 191.35 Lakhs as against Rs. 53.08 Lakhs during the financial year 2021-22. The increase in depreciation was around 260.49% which was due to purchase of Building, Electrical installation & Other Equipment etc.

### **Other Expenses:**

Our Company has incurred Rs. 397.20 Lakhs during the Financial Year 2022-23 on other expenses as against Rs. 366.34 Lakhs during the financial year 2021-22. There was an increase of 8.42% mainly due (i) increase in power and fuel charges by 28.38% from Rs. 96.47 lakhs in financial year 2021-22 to Rs. 123.85 lakhs in financial year 2022-23, (ii) increase in repair and maintenance by 60.59% from Rs. 30.72 lakhs in financial year 2021-22 to Rs. 49.33 lakhs in financial year 2022-23, (iii) increase in other business and administrative expenses from Rs. 133.71 lakhs in financial year 2021-22 to Rs. 183.18 lakhs in financial year 2022-23 an increase of 36.99% as compared with previous year.

### **Restated profit before tax:**

Net profit before tax for the financial year 2022-23 increased to Rs. 867.99 Lakhs as compared to Rs. 209.48 Lakhs in the financial year 2021-22. The increase of 314.35% was majorly due to factors as mentioned above.

**Restated profit for the year:**

As a result of the foregoing factors, our profit after tax for the year increase by 321.97% from net profit of Rs. 647.60 Lakhs in in financial year 2021-22 to net profit Rs. 153.47 lakhs in financial year 2022-23. Consequently, our PAT Margin expanded to 10.39% in financial year 2022-23 from 3.95% in financial year 2021-22 due to revenue increasing more in comparison with the other fixed expenses.

**FINANCIAL YEAR 2022 COMPARED TO FINANCIAL YEAR 2021**

**Total Income:**

Total income for the financial year 2021-22 stood at Rs. 3906.05 Lakhs whereas in Financial Year 2020-21 the same stood at Rs. 1616.49 Lakhs representing an increase of 141.64%. The increase in revenue was due to increase in business operations in the company due to the transfer of assets and liabilities of the proprietorship concern to our Company.

**Revenue from Operations**

During the financial year 2021-22 the net revenue from operation of our Company increased to Rs. 3882.91 Lakhs as against Rs. 1607.11 Lakhs in the Financial Year 2020-21 representing a decrease of 141.64%. The main reason of increase was due to increase in business operations in the company due to the transfer of assets and liabilities of the proprietorship concern to our Company. Further, the increase was due to increase in sale of products to Rs. 3022.33 lakhs in the financial year 2021-22 as compared to Rs. 1267.52 lakhs in the Financial Year 2020-21 which amounts to increase of 138.44%, (ii) Job work which was Rs. 517.30 lakhs in financial year 2021-22 as compared to Rs. 258.86 lakhs in financial year 2020-21 which amount to increase of 99.84% and (iii) Sale of scraps was Rs. 340.90 lakhs in financial year 2021-22 as compared to Rs. 80.73 lakhs in financial year 2020-21 which amount to increase of 322.28%.

**Other Income:**

During the financial year 2021-22 the other income of our Company increased to Rs. 23.14 Lakhs as against Rs. 9.37 lakhs in the Financial Year 2020-21 representing an increase of 146.90% due to increase in foreign currency transaction gains.

**Total Expenses**

The total expense for the financial year 2021-22 increased to Rs. 3696.57 Lakhs from Rs. 1617.65 lakhs in the Financial Year 2020-21 representing an increase of 128.51%

**Cost of material consumed**

The Cost of material consumed for the financial year 2021-22 increased to Rs. 2607.97 lakhs from Rs. 1145.59 lakhs in the Financial Year 2020-21 representing increase of 127.65%. Such decrease was due to decrease in business operations of the Company.

**Change in inventories of finished goods and work in progress**

The closing inventories of finished goods and work in progress for the financial year 2021-22 was to Rs (200.03) lakhs as compared to Rs (170.72) lakhs in the Financial Year 2020-21.

**Employee benefits expense:**

Our Company has incurred Rs. 827.25 Lakhs as Employee benefits expense during the financial year 2021-22 as compared to Rs. 373.99 Lakhs in the financial year 2020-21. The reason for increase in expenses was due to an increase in Salaries and wages by 121.19% and increase in contribution to provident and other funds by 169.17% due to the shifting of operations from the proprietorship concern to our Company.

**Finance Cost**

Our Company has incurred Rs. 41.96 Lakhs as Employee benefits expense during the financial year 2021-22 as compared to Rs. 25.56 Lakhs in the financial year 2020-21. The increase of 64.16% was due to decrease in interest on cash credit, finance and bank charges.

**Depreciation and Amortization Expenses:**



Depreciation for the financial year 2021-22 stood at Rs. 53.08 Lakhs as against Rs. 27.80 Lakhs during the financial year 2020-21. The increase in depreciation was around 90.94% in comparison to the previous year.

**Other Expenses:**

Our Company has incurred Rs. 366.34 Lakhs during the Financial Year 2022-23 on other expenses as against Rs. 215.43 Lakhs during the financial year 2020-21. There was an increase of 70.05% mainly due to increase in office and administration expenses, rent, power and fuel, repair and maintenance, professional fee, testing charges & transport charges etc.

**Restated profit before tax:**

Net profit before tax for the financial year 2021-22 decreased to Rs. 209.48 Lakhs as compared to Rs. (1.17) Lakhs in the financial year 2020-21. The increase was majorly due to factors as mentioned above.

**Restated profit for the year:**

As a result of the foregoing factors, our profit after tax for the year increased to net profit of Rs. 153.47 Lakhs in financial year 2021-22 to net loss Rs. (3.22) lakhs in financial year 2020-21. Consequently, our PAT Margin increased to 3.95% in financial year 2021-22 from net loss in financial year 2020-21.

**Information required as per Item (II)(C)(iv) of Part A of Schedule VI to the SEBI Regulations:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

**1. Unusual or infrequent events or transactions**

There has not been any unusual trend on account of our business activity. Except as disclosed in this Draft Red Herring Prospectus, there are no unusual or infrequent events or transactions in our Company.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section "Risk Factors" beginning on page 22 of the Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**4. Future changes in relationship between costs and revenues**

Other than as described in the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 22, 84 and 165 respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

**5. Segment Reporting**

As we deal in manufacturing of valve components which is a single segment, the same is not applicable on our Company

**6. Status of any publicly announced New Products or Business Segment**

Except as disclosed in the Chapter "Our Business", our Company has not announced any new product or service.

**7. Seasonality of business**

Our business is not subject to seasonality. For further information, see "Industry Overview" and "Our Business" on pages 78 and 84 respectively.

**8. Dependence on single or few customers**

For the FY 22-23, FY 21-22 and FY 2020-21 our top 5 customers contributed to 43.02%, 44.89%, and 52.59% of our revenue from operations. For further information, see “Risk Factors” on page 22 of this Draft Red Herring Prospectus

**9. *Competitive conditions***

Competitive conditions are as described under the Chapters “Industry Overview” and “Our Business” beginning on pages 78 and 84 respectively of this Draft Red Herring Prospectus.

**10. *Details of material developments after the date of last balance sheet i.e., March 31, 2023***

After the date of last Balance sheet i.e., March 31, 2023, the following material events have occurred after the last audited period–

- We have appointed Shrinivas Laxmikant Kole as an Additional Director of the Company vide Board Meeting dated May 15, 2023.
- The Authorized Share Capital of the Company was increased from ` 1,00,000/- divided into 10,000 Equity Shares of ` 10/- each to ` 8,50,00,000/- divided into 85,00,000 Equity Shares of ` 10/- vide Extra Ordinary General Meeting held on May 30, 2023.
- We have capitalized the profits of the company by issuing 59,90,000 equity shares of Face Value of Rs. 10/- in ratio of 599:1 (599 new equity shares for 1 Existing shares) approved in Extra Ordinary General Meeting held on May 30, 2023 and allotted on June 17, 2023.
- A special resolution was passed by the shareholders at the Extra Ordinary General Meeting held on June 26, 2023 for change of name of the Company from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Pune vide its letter dated July 10, 2023.
- Adoption of MOA and AOA as per provisions of CA 2013 at EGM held on June 26, 2023
- Laxmikant Sadashiv Kole was re-designated from Executive Director to Chairman & Managing Director of the Company for terms of 3 year with effect from July 31, 2023 vide Annual General Meeting held on July 31, 2023.
- Shrinivas Laxmikant Kole was re-designated from Additional Director to Whole Time Director of the Company for terms of 3 year with effect from July 31, 2023 vide Annual General Meeting held on July 31, 2023.
- Madhuri Laxmikant Kole was re-designated from Executive Director to Non-Executive Director of the Company with effect from July 31, 2023 vide Annual General Meeting held on July 31, 2023.
- We have appointed Shrinivas Laxmikant Kole as Chief Financial Officer of the Company with effect from July 24, 2023 vide Board Meeting dated July 24, 2023.
- We have passed a Board resolution in the meeting of Board of Director dated July 24, 2023 authorizing the Board of Directors to raise funds by making an Initial Public Offering.
- We have passed a special resolution in the meeting of shareholders dated July 31, 2023 authorizing the Board of Directors to raise funds by making an Initial Public Offering.

**CAPITALISATION STATEMENT**

(Amt. Rs. in Lacs)

Particulars	Pre Issue as at March 31, 2023	Post Issue as at March 31, 2023 (as adjusted for Bonus Issue)
<b>Borrowings</b>		
Short term debt (A)	1187.81	1187.81
Long Term Debt (B)	1690.18	1690.18
<b>Total debts (C)</b>	<b>2877.99</b>	<b>2877.99</b>
<b>Shareholders' funds</b>		
Equity share capital	1.00	*
Reserve and surplus - as restated	795.30	*
<b>Total shareholders' funds</b>	<b>796.30</b>	<b>0.00</b>
<b>Long term debt / shareholders' funds (in Rs.)</b>	2.12	*
<b>Total debt / shareholders' funds (in Rs.)</b>	3.61	*

\*The Corresponding post issue figure are not determinable at this stage, due to pendency of public issue, hence not furnished.

\*The post Issue Equity Share Capital and Reserves and Surplus has been adjusted for 59,90,000 bonus shares allotted by the Company on June 17, 2023 in the ratio of 599:1

**Notes:**

1. Short term Debts represent which are expected to be paid/payable within 12 months and includes installment of term loans repayable within 12 months.
2. Long term Debts represent debts other than Short term Debts as defined above excluding installment of term loans repayable within 12 months grouped under short term borrowings
3. The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at 31.03.2023"

**SECTION VII – LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

Except as stated in this section, there are no: (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) disciplinary actions including penalties imposed by SEBI or stock exchanges against the Promoter in the last five financial years, including outstanding action; or (v) Material Litigation (as defined below); involving our Company, its Directors and Promoters.

Our Board, in its meeting held on March 25, 2023, determined that outstanding legal proceedings involving the Company, its Directors and Promoter will be considered as material litigation (“Material Litigation”) if the aggregate amount involved in such individual litigation exceeds 1% of profit after tax of the Company, as per the last restated financial statements of the Company or such litigations outcome could have a material impact on the business, operations, prospects or reputations of the Company. The Company has a policy for identification of Material Outstanding Dues to Creditors in terms of the SEBI (ICDR) Regulations, 2018 as amended for creditors where outstanding due to any one of them exceeds 5% of the Company’s trade payables as per the last restated financial statements.

**A. LITIGATION INVOLVING THE COMPANY**

**(a) Criminal proceedings against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against the Company.

**(b) Criminal proceedings filed by the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against the Company.

**(c) Actions by statutory and regulatory authorities against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory or regulatory authorities initiated against the Company.

**(d) Tax Proceedings**

As on the date of this Draft Red Herring Prospectus, there are no outstanding tax proceedings initiated against the Company.

**(e) Other pending material litigations against the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated against the Company, which have been considered material by the Company in accordance with the Materiality Policy.

**(f) Other pending material litigations filed by the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding litigations initiated by the Company, which have been considered material by the Company in accordance with the Materiality Policy.

**B. LITIGATIONS INVOLVING THE DIRECTORS/ PROMOTERS OF THE COMPANY**

**(a) Criminal proceedings against the Directors/ Promoters of the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against the Directors/ Promoters of the Company.

**(b) Criminal proceedings filed by the Directors/ Promoters of the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by the Directors/ Promoters of the Company.

**(c) Actions by statutory and regulatory authorities against the Directors/ Promoters of the Company**

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory or regulatory authorities initiated against the Directors/ Promoters.

**(d) Tax Proceedings**

**Mr. Laxmikant Sadashiv Kole**

**Assessment Year 2020-21**

The Assessee has been assessed u/s 143(1)(a) of the Income Tax Act, 1961 for which demand notice was issued on 18.12.2021 having Demand Reference No. 2021202037029644305T for the outstanding amount of Rs. 3,530/- excluding interest. The Assessee has submitted its response on 21.01.2022 against the said demand order. The amount is paid by the Company

**AY 2009-10**

The Assessee has filed an appeal on 24.01.2012 u/s 246A before Commissioner of Income-tax (Appeals), Income Tax against order passed u/s 143(3) of the Income Tax Act, 1961 dated 14.12.2011. The CIT Appeal has passed the order dated 28.02.2013 in which the Appellate authority has allowed some of the grounds and Assessee has requested by letter dated 02.02.2023 for issue of fresh demand notice as per the order issued by CIT Appeals. The amount payable is uncertain and the matter is still to be resolved

**AY 2014-15**

The Assessee has filed an appeal on 04.10.2016 u/s 246A before Commissioner of Income-tax (Appeals), Income Tax against order passed u/s 143(3) of the Income Tax Act, 1961 dated 09.09.2016. The CIT Appeal has passed the order dated 02.08.2018 in which the Appellate authority has allowed some of the grounds and Assessee has requested by letter dated 02.02.2023 for issue of fresh demand notice as per the order issued by CIT Appeals. The amount payable is uncertain and the matter is still to be resolved.

**Madhuri Laxmikant Kole**

<b>Nature of Cases</b>	<b>No. of Outstanding Cases</b>	<b>Amount in dispute/demanded to the extent ascertainable</b>
TDS defaults	-	6.19

**(e) Other pending material litigations against the Directors/ Promoters of the Company**

**Laxmikant Sada Shiv Kole**

**Civil M.A./625/2023**

The case has been filed baring Case Number- 625/2023 on 15.03.2023 before 7th Addl. Jud. Small Causes CT and JTC JSD, JMFC Pune by Ajay Kumar S Gupta under section 5 of Limitation Act, 1963. The case has been registered on 03.04.2023. The next date of the matter is on 31.08.2023 and the matter is listed for awaiting notices.

**(f) Other pending material litigations filed by the Directors/ Promoters of the Company**

As on the date of this Draft Red Herring Prospectus, there are no such outstanding litigations initiated by the Directors/ Promoters, which have been considered material by the Company in accordance with the Materiality Policy.

**C. LITIGATIONS INVOLVING THE GROUP COMPANIES WHICH CAN HAVE A MATERIAL IMPACT ON OUR COMPANY**

As on the date of this Draft Red Herring Prospectus, there are no such outstanding litigations involving our Group Company, which may have a material impact on our Company.

**AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS:**

The Board of Directors of our Company considers dues exceeding 5% of our Company's trade payables as per the last Restated financial statements, to small scale undertakings and other creditors, as material dues for our Company.

As per Restated Financial Statements, the trade payables of our Company as on March 31, 2023 were Rs. 947.61 lakhs. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds Rs. 47.38 lakhs as on March 31, 2023. This materiality threshold has been approved by our Board of Directors pursuant to the resolution passed on July 31, 2023. As on March 31, 2023, there are 1 creditor to each of whom our Company owes amounts exceeding 5% of our Company's total trade payables and the aggregate outstanding dues to them being approximately Rs. 221.96 lakhs.

As per the above materiality policy, the outstanding amount owned to small scale undertakings and material creditors as on March 31, 2023, by our Company is as follows:

<b>Material Creditors</b>	<b>Number of Cases</b>	<b>Amount Involved (₹ in Lakhs)</b>
Micro, Small and Medium Enterprises*	94	465.92
Material Creditors	01	221.96
Other Creditors	183	259.72
<b>Total</b>	<b>278</b>	<b>947.61</b>

*\*Entities that are identified as "Micro, Small and Medium Enterprises" under the Restated Financial Statements are considered as micro small and medium enterprises.*

The details pertaining to amounts due towards material creditors are available on the website of our Company at [www.balajivalvecomponents.com](http://www.balajivalvecomponents.com).

**MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE:**

Except as disclosed in Chapter titled “**Management’s Discussion & Analysis of Financial Conditions & Results of Operations**” beginning on page 165 of this Draft Red Herring Prospectus, there have been no material developments that have occurred after the Last Balance Sheet date.

**GOVERNMENT AND OTHER APPROVALS**

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the issue or continue our business activities and except as mentioned below, no further approvals are required for carrying on our present or proposed business activities.

In view of the approvals listed below, we can undertake this issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the issue or to continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

The Company has got following licenses / registrations / approvals /consents / permissions from the Government and various other Government agencies required for its present business.

**I. Incorporation documents:**

S. No	Nature of Registration/ License	Registration/License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
1	Certificate of Incorporation in the name of Shri Balaji Valve Components Private limited	U29220PN2011PTC141370	Companies Act, 1956	Registrar of Companies, Pune, Maharashtra	November 17, 2011	Valid till cancelled or replaced by a fresh certificate
2	Fresh Certificate of Incorporation consequent upon conversion from Shri Balaji Valve Component Private Limited To Shri Balaji Valve Component Limited	U29220PN2011PLC141370	Companies Act, 2013	Registrar of Companies, Pune, Maharashtra	July 10, 2023	Valid till cancelled ore replaced by a fresh certificate

**II. Issue related Approvals:**

The following approvals have been obtained or will be obtained in connection with the Issue:

- The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act, 2013, by a resolution passed at its meeting held on July 24, 2023 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
- The shareholders of our Company have, pursuant to Section 62(1) (c) of the Companies Act, 2013, by a special resolution passed in the Annual General Meeting held on July 31, 2023 authorized the Issue.
- Our company has obtained In-principle approval dated [●] from the BSE to use the name of BSE for listing of the Equity Shares issued by our Company pursuant to the Issue.
- The International Securities Identification Number (“ISIN”) of our Company is [●].

**III. Corporate/ General Authorizations**

S. No.	Nature of Registration/ License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
1	Permanent Account Number	AAQCS6076B	Income Tax Act, 1961	Commissioner of Income Tax	June 08, 2013	Valid till cancelled
2	TAN	PNES66420E	Income Tax Act, 1961	Income Tax Department	December 20, 2019	Valid till cancelled

	(Tax Deduction Account Number)					
3	Importer-Exporter Code Number As Manufacturer Exporter	AAQCS6076B	Foreign Trade (Development & Regulation) Act, 1992	Director General of Foreign Trade	March 16, 2020; last modified March 01, 2023	Valid till cancelled
4	Registration Certificate of Goods & Service Tax (GST) for the property** situated at Googol, PAP-B-31, Shri Balaji Valve Components Pvt Ltd., Bhamboli, Industrial Area Phase 2, Chakan, Pune, Maharashtra-410501	GSTIN-27AAQCS6076B1Z2	Central Goods and Services Tax Act, 2017 & Maharashtra Goods and Services Tax Act, 2017	Central Government and Maharashtra State Government	Date of validity from- August 05, 2019 Last amended on- March 09, 2023	Valid till cancelled

\*\*Additional place of businesses as covered under GST No. 27AAQCS6076B1Z2 are as mentioned below:  
PLOT NO.306, SECTOR-10, PCNTDA, BHOSARI, Pune, Maharashtra, 411026

**IV. Industrial and Labour Approvals obtained by the company:**

For Registered Office and Plant No. 1 located at PAP B 31 Chakan MIDC PH -2 Khed, Bhamboli, Pune Maharashtra-410501

S. No.	Nature of Registration/ License	Registration/License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
1.	MPCB- Consent to operate under Green category	MPCB-CONSENT-0000127930	The Water (Prevention & Control of Pollution) Act,1974 And The Air (Prevention & Control of Pollution ) Act, 1981 The Hazardous & Other Waste (Management & Trans boundary Movement) Rules, 2016	Maharashtra Pollution Control Board	January 14, 2022	December 31, 2024
2.	Factories License	122102592000000	Factories Act, 1948 read with Rules made there under	Dy Director, Industrial Safety and Health, Maharashtra	April 03, 2023; valid from January 01, 2023	December 31, 2023
3.	Final Fire No Objection Certificate	MIDC/Fire/A-24921	Maharashtra Fire Prevention and Life Safety Measures Act. 2006	Maharashtra Industrial Development Corporation	January 20, 2022	Valid till Cancellation
4.	Registration under Employees Provident Funds	PUPUN2176299000	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund Officer, Maharashtra	September 05, 2020	Valid till Cancellation
5.	Employee State Insurance	3300074890000606	The ESI Act, 1948	Employees State Insurance Corporation, Pune, Maharashtra	September 05, 2020	Valid till cancelled



6.	Professional Tax Certificate of Enrolment	99514112201P	The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Maharashtra Sales Tax Department	Issued on June 26, 2021; Valid from April 01, 2020	Valid till Cancellation
7.	Professional Tax Registration Certificate	27341802312P	The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Maharashtra Sales Tax Department	Issued on June 23, 2021; Valid from October 07, 2020	Valid till Cancellation
8.	Udyam Registration with MSME for both units of company; Micro Social Category- General	UDYAM-MH-26-0045526	The Micro, small and Medium Enterprises Development Act, 2006	Ministry of Micro, Small & Medium Enterprises	November 27, 2020	Valid till cancelled

For the Property located at PAP B 130 Chakan MIDC PH -2 Khed, Bhamboli, Pune Maharashtra-410501

S. No.	Nature of Registration/ License	Registration/License No.	Applicable Laws	Issuing Authority	Date of issue	Date of Expiry
1.	Final Fire No Objection Certificate	No./EE(P)/TB/CHK/PH-II/A-19914/2022	Maharashtra Fire Prevention and Life Safety Measures Act. 2006	Maharashtra Industrial Development Corporation	January 16, 2023	January 15, 2024


**V. Certifications obtained by the Company**

S. No.	Nature of Registration/ License	Registration/Certificate No.	Products covered	Issuing Authority	Date of issue	Date of Expiry
1.	Quality Management System ISO 9001:2015 for both present plants of the company	145446-2013-AQ-IND-RvA	Manufacture and sale of forged and heat-treated components, machined components, and production tooling for engineering industry	DNV Business Assurance, Chennai	Initial certification date January 17, 2005 Issued on September 06, 2022	January 16, 2026
2.	Certificate for Closed Die Forging for its plant at Plot No. 306, Sector-10, PCNTDA Bhosari, Pune-411026	10000406136-PA-DNV GL-IND	NORSOK M-630 Ed. 6 MDS D44 Rev. 5 ASTM A182 F51 UNS S31803	DNV Business Assurance, Chennai	Issued on October 31, 2020	October 08, 2025
3.	Quality Management System for manufacturer of Materials acc. To	01 202 IND/Q-18 0027	Manufacture of Forged & Machined Components	TUV Rheinland Industries Service GmbH	January 02, 2022	July 08, 2024

	Directive 2014/68/EU					
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**VI. Intellectual Property related approvals: -**

Below is the list of trademarks used by our Company along with their status of registration: -

Sr. No.	Brand Name/Logo/ Trademark	Class	TM Name and Logo	Owner*	Trademark No./ Application No./ Registration Certificate No.	Date of Application	Current Status
1	 <b>Shri Balaji Valve Components Pvt. Ltd</b> <small>Delivering Precision with Reliability</small>	6 valves & cocks and gun metal and other goods	Shri Balaji Valve Components Pvt Ltd	Laxmikant Sadashiv Kole	5767838	17/01/2023	Marked for Exam

*\*the company is using the above trademark vide an NOC dated June 10, 2023 issued by the Promoter of the company Laxmikant Sadashiv Kole in favour of the company.*

**VII. Registration applied for / pending: -**

S. No.	Nature of Registration/ License	Application No.	Applicable Laws	Issuing Authority	Date of application
1.	MPCB-Consent to establish	MPCB-CONSENT-0000090816	The Water (Prevention & Control of Pollution) Act, 1974 And The Air (Prevention & Control of Pollution ) Act, 1981 The Hazardous & Other Waste (Management & Trans boundary Movement) Rules, 2016	Maharashtra Pollution Control Board	March 12, 2020

**OUR GROUP COMPANY**

As per the SEBI (ICDR) Regulations, 2018, for the purpose of identification of Group Company, our Company has considered those companies as our Group Company with which there were related party transactions as per the Restated Financial Statements of our Company in any of the last three financial years as considered material by our Board. Further, pursuant to a resolution of our Board dated August 04, 2023 for the purpose of disclosure in relation to Group Company in connection with the Issue, a company shall be considered material and disclosed as a Group Company if such company fulfils both the below mentioned conditions: -

- (i) Such company that forms part of the Promoter Group of our Company in terms of Regulation 2(1) (pp) of the SEBI(ICDR)Regulations 2018; and
- (ii) Where the Company has entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding 10.00% of total revenue of the company as per Restated Financial Statements.

Based on the above, none of the Companies has been identified as our Group Company.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

#### **Corporate Approvals**

The Board of Directors, pursuant to a resolution passed at their meeting held on July 24, 2023 authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013, and such other authorities as may be necessary. The shareholders of our Company have, pursuant to a special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Annual General Meeting held on July 31, 2023 authorized the Issue.

#### **In-principal Approval**

Our Company has obtained in-principal approval from the BSE for using its name in this Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus pursuant to an approval letter dated [●], BSE which is the Designated Stock Exchange.

#### **Prohibition by SEBI, RBI or governmental authorities**

As on date of this Draft Red Herring Prospectus, we confirm that our Company, our Promoters, our Promoter Group, our directors, person(s) in control of the promoter, our Group Companies or the natural person(s) in control of our Company are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

The companies, with which our directors are or were associated as promoter, directors or persons in control are not prohibited or debarred from accessing capital markets under any order or direction passed by SEBI or any other regulatory authority.

None of our Directors or the entities that our directors are associated with as promoter or directors is in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any entity in which our directors are associated with as promoter or directors.

#### **Prohibition with respect to wilful defaulter or a fraudulent borrower**

Neither our Company, our Promoter, our Directors, Group Companies, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as wilful defaulter or a fraudulent borrower as defined by the SEBI ICDR Regulations, 2018.

#### **Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, Promoters and Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 to the extent applicable to each of them as on the date of the Draft Red Herring Prospectus.

#### **Eligibility for the Issue**

Our Company is eligible in terms of Regulations 230 of SEBI (ICDR) Regulations for this issue.

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this issue is an Initial Public Issue in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 229(1) and other provisions of Chapter IX of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital is less than and equal to ten crore rupees and we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange of BSE [in this case being the “BSE SME.

We confirm that:

6. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this issue will be 100% underwritten and that the BRLM to the Issue shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled “General Information – Underwriting” beginning on page 43 of this Draft Red Herring Prospectus.
7. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or Equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our

Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act, 2013.

8. In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, we shall ensure that our Book Running Lead Manager submits a copy of the Red Herring Prospectus/Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Red Herring Prospectus/Prospectus with Stock Exchange and the Registrar of Companies. Further, in terms of Regulation 246(2), SEBI shall not issue observation on the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus.
9. In accordance with Regulation 261(1) of the SEBI (ICDR) Regulations, we hereby confirm that we will enter into an agreement with the Book Running Lead Manager and with Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the SME Platform of BSE (BSE SME)). For further details of the arrangement of market making please refer to section titled “General Information- Details of the Market Making Arrangements for this Issue” beginning on page 43 of this Draft Red Herring Prospectus.
10. In accordance with Regulation 228(c) of the SEBI (ICDR) Regulations, Neither the issuer nor any of its promoters or directors is a wilful defaulter or a fraudulent borrower.
11. In accordance with Regulation 228(d) of the SEBI (ICDR) Regulations, None of the Issuer’s promoters or directors is a fugitive economic offender.
12. In accordance with Regulation 230(1)(a) of the SEBI (ICDR) Regulations, Application is being made to SME Platform of BSE (BSE SME), as BSE Ltd. is the Designated Stock Exchange.
13. In accordance with Regulation 230(1)(b) of the SEBI (ICDR) Regulations, our Company has not entered into agreement with depositories for dematerialization of specified securities already issued and proposed to be issued.
14. In accordance with Regulation 230(1)(c) of the SEBI (ICDR) Regulations, all the present Equity share Capital is fully Paid-up.
15. In accordance with Regulation 230(1)(d) of the SEBI (ICDR) Regulations, all the specified securities held by the promoters are already in dematerialized form.
16. Our Company shall mandatorily facilitate trading in Demat securities for which we have entered into an agreement with the Central Depository Services Limited (CDSL) dated [●] and National Securities Depository Limited (NSDL) dated [●] for establishing connectivity.
17. Our Company has a website i.e., [www.balajivalvecomponents.com](http://www.balajivalvecomponents.com)
18. There has been no change in the promoters of the Company in the preceding one year from date of filing application to BSE SME Platform.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the BSE SME Platform:  
-

- 1) Our Company was originally incorporated on November 17, 2011, as a private limited Company under the name and style of Shri Balaji Valve Components Private Limited under the provisions of Companies Act, 1956 with the Registrar of Companies, Pune Maharashtra bearing registration no 141370. Thereafter, our Company was converted from private limited to public limited and the name of our Company was changed from “Shri Balaji Valve Components Private Limited” to “Shri Balaji Valve Components Limited” vide fresh certificate of incorporation dated July 10, 2023, issued by the Registrar of Companies, Pune, Maharashtra. The Corporate Identification Number of our Company is U29220PN2011PLC141370.
- 2) The post issue paid up capital of the company will be upto 81,60,000 shares of face value of ₹ 10/- aggregating up to ₹ 8.16 Crores which is less than ₹ 25 Crores.
- 3) The Company has a track record of at least 3 years as on the date of filling Draft Red Herring Prospectus.
- 4) As on March 31, 2023, the Company has net tangible assets of ₹ 783.10 Lakhs.

- 5) The Company confirms that it has operating profits (earnings before interest, depreciation and tax) from operations for at least 2 financial years out of preceding three financial years and its net-worth as on March 31, 2023 is positive.

(₹ Lakhs)

Particulars	March 31, 2023	March 31, 2022	March 31, 2021
EBITDA	1101.75	270.81	32.57
Networth	793.60	144.64	(10.85)

- 6) Our Company confirms that there is no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoter, Group Companies, companies promoted by the promoter of the Company;
- 7) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR);
- 8) There is no winding up petition against our Company that has been admitted by the Court or a liquidator has not been appointed of competent Jurisdiction against the Company.
- 9) No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the company
- 10) The directors of the issuer are not associated with the securities market in any manner, and there is no outstanding action against them initiated by the Board in the past five years

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT OFFER DOCUMENT/ OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, HEM SECURITIES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 04, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS DRAFT OFFER DOCUMENT/ OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT OFFER DOCUMENT/ OFFER DOCUMENT.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Draft Red Herring Prospectus with the Registrar of Companies, Ahmedabad in terms of sections 26 and 33 of the Companies Act, 2013.

Statement on Price Information of Past Issues handled by Hem Securities Limited:

Sr. No.	Issue name	Issue size (₹ in Cr.)	Issue Price (₹)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup>	+/- % change in closing price, [+/- % change in closing benchmark]-
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						days from listing	calendar days from listing	180 <sup>th</sup> calendar days from listing
1.	Chaman Metallics Limited	24.21	38.00	January 16, 2023	68.00	44.47% [0.68%]	19.74% [-1.05%]	68.16% [11.65%]
2.	Earthstahl & Alloys Limited	12.96	40.00	February 08, 2023	55.00	22.50% [1.41%]	45.83% [1.81%]	54.18% [8.72%]
3.	Macfos Limited	23.75	102.00	March 01, 2023	184.00	69.61% [0.71%]	174.41% [5.99%]	264.71% [9.40%]
4.	Systango Technologies Limited	34.82	90.00	March 15, 2023	98.00	110.56% [5.00%]	132.56% [10.28%]	N.A.
5.	Labelkraft Technologies Limited	4.75	55.00	March 23, 2023	56.00	0.27% [3.68%]	24.55% [9.66%]	N.A.
6.	Vasa Denticity Limited	54.06	128.00	June 02, 2023	211.00	156.13% [3.53%]	285.59% [4.86%]	N.A.
7.	Hemant Surgical Industries Limited	24.84	90.00	June 05, 2023	171.00	34.30% [4.23%]	N.A.	N.A.
8.	Greenchef Appliances Limited	53.62	87.00	July 06, 2023	104.00	28.91% [0.51%]	N.A.	N.A.
9.	Kaka Industries Limited	21.23	58.00	July 19, 2023	110.20	170.78% [-3.20%]	N.A.	N.A.
10.	Asarfi Hospital Limited	26.94	52.00	July 26, 2023	98.80	154.04% [-2.73%]	N.A.	N.A.

Source: Price Information [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com), Issue Information from respective Prospectus.

The scrip of Systango Technologies Limited, Labelkraft Technologies Limited and Vasa Denticity Limited has not completed its 180th days from the date of listing; Hemant Surgical Industries Limited, Greenchef Appliances Limited, Kaka Industries Limited and Asarfi Hospital Limited has not completed its 90th day from the date of listing.

**Summary statement of Disclosure:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Cr.)	No. of IPOs trading at discount- 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at Premium- 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount- 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at Premium- 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	6 <sup>(1)</sup>	130.40	-	-	-	4	-	2	-	-	-	6	-	-
2022-23	15 <sup>(2)</sup>	220.57	-	-	-	6	5	3	-	-	-	10	-	3
2023-24	5 <sup>(3)</sup>	180.69	-	-	-	3	2	-	-	-	-	-	-	-

1. The scrip of EKI Energy Services Limited, DU Digital Technologies Limited, Prevest Denpro Limited, Jainam Ferro Alloys (I) Limited, Shri Venkatesh Refineries Ltd. and KN Agri Resources Limited was listed on April 7, 2021, August 26, 2021, September 27, 2021, October 08, 2021, October 11, 2021 and March 28, 2022 respectively;

2. The scrip of Krishna Defence and Allied Industries Limited was listed on April 6, 2022; Eighty Jewellers Limited was listed on April 13, 2022; Kesar India Limited was listed on July 12, 2022; Silicon Rental Solutions Limited was listed on October 10, 2022; Cargosol Logistics Limited was listed on October 10, 2022; Cargotrans Maritime Limited was listed on October 10, 2022; Concord Control Systems Limited was listed on October 10, 2022; Lloyds Luxuries Limited was listed on October 11, 2022; Vedant Asset Limited was listed on October 12, 2022; Baheti Recycling Industries Limited was listed on December 08, 2022; Chaman Metallics Limited was listed on January 16, 2023; Earthstahl & Alloys Limited was listed on February 08, 2023.

2023; Macfos Limited was listed on March 01, 2023; Systango Technologies Limited was listed on March 15, 2023 and Labelkraft Technologies Limited was listed on March 23, 2023;

3. The scrip of Vasa Denticity Limited was listed on June 02, 2023; Hemant Surgical Industries Limited was listed on June 05, 2023; Greenchef Appliances Limited was listed on July 06, 2023; Kaka Industries Limited was listed on July 19, 2023; Asarfi Hospital Limited was listed on July 26, 2023.

**Note:**

- a) Based on date of listing.
- b) BSE SENSEX and CNX NIFTY have been considered as the benchmark index.
- c) Prices on BSE/NSE are considered for all of the above calculations.
- d) In case 30th /90th /180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered.
- e) In case 30th /90th /180th day, scrips are not traded then last trading price has been considered.
- f) N.A. – Period not completed.
- g) As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect max. 10 issues (initial public offerings) managed by the Book Running Lead Manager. Hence, disclosures pertaining to recent 10 issues handled by Book Running Lead Manager are provided.

**Track Record of past issues handled by Hem Securities Limited**

For details regarding track record of BRLM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the BRLM at [www.hemsecurities.com](http://www.hemsecurities.com).

**Disclaimer from our Company and the Book Running Lead Manager**

Our Company, the Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or, in case of the Company, in the advertisements or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at their own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement entered between the BRLM (Hem securities Limited), and our Company on August 7, 2023 and the Underwriting Agreement dated August 7, 2023 entered into between the Underwriter, and our Company and the Market Making Agreement dated August 7, 2023 entered into among the Market Maker and our Company.

All information shall be made available by our Company, and the Book Running 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 collection centres or elsewhere.

The Book Running Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Companies, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Companies, and our affiliates or associates for which they have received and may in future receive compensation.

**Note:**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriter 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 in the issue.

**Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations,



insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500.00 Lakhs and pension funds with a minimum corpus of ₹ 2,500.00 Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in Pune, Maharashtra, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause of BSE**

As required, a copy of this Offer Document has been submitted to BSE Limited (hereinafter referred to as BSE). BSE has given vide its letter [●] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the offer document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoter, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulations under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulations of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Filing of Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus with the SEBI/ RoC**

The Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus is being filed with BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 Maharashtra, India.

The Draft Red Herring Prospectus will not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in terms of Regulation 246(2) of SEBI (ICDR) Regulations, 2018. Pursuant to Regulation 246(5) of SEBI (ICDR) Regulations, 2018 and SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of Red Herring Prospectus/ Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

A copy of the Red Herring Prospectus/ Prospectus, along with the documents required to be filed under Section 26 & 32 of the Companies Act, 2013 will be filed to the RoC Office situated at Registrar of Companies, Pune, PCNTDA Green Building, Block A, 1st & 2nd Floor, Near Akurdi Railway Station, Akurdi, Pune - 411044 Maharashtra.

### **Listing**

The Equity Shares of our Company are proposed to be listed on BSE SME. Our Company has obtained in-principle approval from BSE by way of its letter dated [●] for listing of equity shares on BSE SME platform.

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the BSE SME is not granted by BSE, our Company shall forthwith repay, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE SME mentioned above are taken within Six (6) Working Days of the Bid/Issue Closing Date. If Equity Shares are not Allotted pursuant to the Issue within Six (6) Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

### **Impersonation**

Attention of the Applicants 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-

- i. Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- ii. 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
- iii. 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 to action under section 447 of the Companies, Act 2013

### **Consents**

Consents in writing of Our Directors, Our Promoter, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Our Banker to the Company, Book Running Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Banker to the Issue/ Sponsor Bank\*, Syndicate Members\*, Underwriter to the Issue\* and Market Maker to the Issue\* to act in their respective capacities have been obtained as required under section 26 and 32 of the Companies Act, 2013 and shall be filed along with a copy of the Red Herring Prospectus/ Prospectus with the RoC, as required under Sections 26 & 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for registration with the RoC.

\*The aforesaid will be appointed prior to filing of Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, 2018, M/s. Kishor Gujar & Associates., Chartered Accountants, Statutory Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on Statement of Possible Tax Benefits relating to the possible tax benefits and restated financial statements as included in this Draft Red Herring Prospectus/ Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for registration with the RoC.

### **Experts Opinion**

Except for the reports in the section titled “Financial Statements” and “Statement of Special Tax Benefits” on page 122 and 76 respectively of this Draft Red Herring Prospectus from the Statutory Auditor, our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

### **Fees, Brokerage and Selling Commission payable**

The total fees payable to the Book Running Lead Manager will be as per the (i) Agreement dated August 07, 2023 with the Book Running Lead Manager, (ii) the Underwriting Agreement dated August 07, 2023 with the Underwriter and (iii) the Market Making Agreement August 07, 2023 with the Market Maker, a copy of which is available for inspection at our Registered Office from 10.00 AM to 5.00 PM on Working Days from the date of the Draft Red Herring Prospectus until the Bid/Issue Closing Date.

**Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CAN, tape and printing of bulk mailing register will be as per the agreement between our Company, and the Registrar to the Issue dated August 2, 2023 a copy of which is available for inspection at our Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send allotment advice by registered post/speed post.

**Particulars regarding Public or Rights Issues during the last five (5) years**

Our Company has not made any previous public or rights issue in India or Abroad the five (5) years preceding the date of this Draft Red Herring Prospectus.

**Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to the section titled "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus.

**Underwriting Commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

**Previous capital issue during the last three years by listed Group Companies of our Company**

We do not have any Group Company.

**Performance vis-à-vis objects**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

**Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

**Partly Paid-Up Shares**

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

**Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Red Herring Prospectus.

**Option to Subscribe**

- a. Investors will get the allotment of specified securities in dematerialization form only.
- b. The equity shares, on allotment, shall be traded on stock exchange in Demat segment only.

**Stock Market Data for our Equity Shares**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

### **Investor Grievances and Redressal System**

The agreement between the Registrar to the Issue, our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) years from the last date of dispatch of the letters of allotment and Demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

We hereby confirm that there are no investors complaints received during the three years preceding the filing of this Draft Red Herring Prospectus. Since there are no investors complaints received, none are pending as on the date of filing of this Draft Red Herring Prospectus.

Investors may contact the BRLM for any complaint pertaining to the Issue. All grievances, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Application Form was submitted, quoting the full name of the sole or first Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, address of the Applicant, number of Equity Shares applied for, date of Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Applicant shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. Our Company, BRLM and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be within 15 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Shrinivas Laxmikant Kole, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:

#### **Shrinivas Laxmikant Kole**

Chief Financial Officer

Shri Balaji Valve Components Limited

Address: Plot No - PAP B 31 Chakan MIDC, PH -2 Khed, Bhamboli,  
Pune, Maharashtra, India, 410501.

Tel. No.: +91 97655 65409

Email: [Info@balajivalvecomponents.Com](mailto:Info@balajivalvecomponents.Com)

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

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web-based complaints redress system "SCORES". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

Our Board by a resolution on [●] constituted a Stakeholders Relationship Committee. For further details, please refer to section titled "Our Management" beginning on page 109 of this Draft Red Herring Prospectus.

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus and hence there are no pending investor complaints as on the date of this Draft Red Herring Prospectus.

### **Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any listed company under the same management.

### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the

Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled “Statement of Special Tax Benefits” beginning on page 76 of this Draft Red Herring Prospectus.

**Purchase of Property**

Other than as disclosed in Section “Our Business” beginning on page 84 of this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

**Capitalization of Reserves or Profits**

Save and except as stated in “Capital Structure” on page 53 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

**Revaluation of assets**

There has not been any revaluation of assets since incorporation of the Company.

**Servicing Behaviour**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

**Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed under chapter titled “Our Management” beginning on page 109 and chapter “Financial Information” beginning on page 122 of this Draft Red Herring Prospectus none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

**Exemption from complying with any provisions of securities laws, if any**

As on date of the Draft Red Herring Prospectus, our Company has not availed any exemption from complying with any provisions of securities laws granted by SEBI.

## **TERMS OF THE ISSUE**

The Equity Shares being Issued are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Application Form, any Confirmation of Allocation Note (“CAN”), the Revision Form, Allotment advices, and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, the GoI, the Stock Exchange, the RoC and/or any other authorities while granting its approval for the Issue.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and any subsequent circulars issued by SEBI in this regard, SEBI has introduced an alternate payment mechanism using Unified Payments Interface (UPI) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019. With effect from July 1, 2019, with respect to Application by retail individual investors through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applicants with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by retail individual investors (“UPI Phase III”), as may be prescribed by SEBI.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorized to collect the Bid-cum-Application forms. Investor may visit the official website of the concerned for any information on operational utilization of this facility of form collection by the Registrar to the Issue and Depository Participants as and when the same is made available.

### **Authority for the Issue**

The present Public Issue of upto 21,60,000 Equity Shares has been authorized by a resolution of the Board of Directors of our Company at their meeting held on July 24, 2023 and was approved by the Shareholders of the Company by passing Special Resolution at the Annual General Meeting held on July 31, 2023 in accordance with the provisions of Section 62(1)(c) of the Companies Act, 2013.

### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 2013 and our MOA and AOA and shall rank pari-passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees, upon Allotment of Equity Shares under this Issue, will be entitled to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to section titled, “Main Provisions of Article of Association”, beginning on page 231 of this Draft Red Herring Prospectus.

### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other rules, regulations or guidelines as may be issued by the Government of India in connection thereto and as per the recommendation by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act and our Articles of Association. Further Interim Dividend (if any declared) will be approved by the Board of Directors. For further details, please refer to section titled “Dividend Policy” and “Main Provisions of Article of Association” beginning on page 121 and 231 respectively of this Draft Red Herring Prospectus.

### **Face Value and Issue Price**

The face value of each Equity Share is ₹ 10.00 and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share (“Floor Price”) and at the higher end of the Price Band is ₹ [●] per Equity Share (“Cap Price”). The Anchor Investor Issue Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size will be decided by our Company in consultation with the BRLM, and will be advertised, at least two Working Days prior to the Bid/ Issue Opening Date, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and Pune edition of [●], a regional newspaper each with wide circulation and shall be made available to the Stock Exchange for the purpose of uploading on its website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre filled in the Bid cum Application Forms available on the website of the Stock Exchange. The Issue Price shall be determined by our Company and in consultation with the BRLM, after the Bid/ Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **Compliance with SEBI ICDR Regulations, 2018**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Compliance with Disclosure and Accounting Norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- a) Right to receive dividend, if declared;
- b) Right to receive Annual Reports and notices to members;
- c) Right to attend general meetings and exercise voting rights, unless prohibited by law;
- d) Right to vote on a poll either in person or by proxy;
- e) Right to receive offer for rights shares and be allotted bonus shares, if announced;
- f) Right to receive surplus on liquidation; subject to any statutory or preferential claims being satisfied;
- g) Right of free transferability of the Equity Shares; and
- h) Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, etc., please refer to section titled “Main Provisions of the Articles of Association” beginning on page 231 of this Draft Red Herring Prospectus.

### **Minimum Application Value, Market Lot and Trading Lot**

As per regulations made under and Section 29(1) of the Companies Act, 2013 the Equity Shares to be allotted must be in Dematerialized form i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being issued can be applied for in the dematerialized form only. In this context, two agreements shall be signed among our Company, the respective Depositories and Registrar to the Issue.

Tripartite Agreement dated [●] between NSDL, our Company and Registrar to the Issue; and  
Tripartite Agreement dated [●] between CDSL, our Company and Registrar to the Issue;

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the SME Platform of BSE (BSE SME) from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this issue will be done in multiples of [●] Equity Shares and is subject to a minimum allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

### **Minimum Number of Allottees**

In accordance with Regulation 268 of SEBI (ICDR) Regulations, 2018 the minimum number of allottees in the Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be unblocked forthwith.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in Pune, Maharashtra.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in 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, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold 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 occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Joint Holders**

Where 2 (two) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Issue Program**

<b>Event</b>	<b>Indicative Date</b>
Bid/ Issue Opening Date	[●] <sup>1</sup>
Bid/ Issue Closing Date	[●] <sup>2</sup>
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of Allotment/ Refunds/ Unblocking of Funds from ASBA Account or UPI Id Linked Bank Account*	On or about [●]
Credit of Equity Shares to Demat Accounts of Allottees	On or about [●]
Commencement of Trading of The Equity Shares on the Stock Exchange	On or about [●]



*Note* <sup>1</sup>Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI ICDR Regulations

<sup>2</sup>Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

\*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/ Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021 shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bid-Cum Application Forms and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (IST) during the Issue Period (except for the Bid/ Issue Closing Date). On the Bid/ Issue Closing Date, the Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. (IST) for retail and non-retail Applicants. The time for applying for Retail Individual Applicants on Bid/ Issue Closing Date may be extended in consultation with the BRLM, RTA and BSE SME taking into account the total number of applications received up to the closure of timings.

On the Bid/ Issue Closing Date, the Bids shall be uploaded until:

- (i) 4.00 P.M. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 P.M. IST or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchange.

The Registrar to the Issue shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/ Issue Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLM and the RTA on a daily basis.

To avoid duplication, the facility of re-initiation provided to Syndicate Members, if any shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchange, after closure of the time for uploading Bids.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to the limitation of time available for uploading the Bid-Cum-Application Forms on the Bid/ Issue Closing Date, Bidders are advised to submit their applications one (1) day prior to the Bid/ Issue Closing Date and, in any case, not later than 3.00 P.M. (IST) on the Bid/ Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bid-Cum- Application Forms are received on the Bid/ Issue Closing Date, as is typically experienced in public Issue, some Bid-Cum- Application Forms may not get uploaded due to the lack of sufficient time. Such Bid-Cum- Application Forms that cannot be uploaded will not be considered for allocation under this Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the BRLM is liable for any failure in uploading the Bid-Cum- Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid-Cum- Application Forms prior to the Bid/ Issue Closing Date. Allocation to Retail Individual Bidders, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-Cum- Application Form, for a particular Bidder, the details as per the file received from Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-Cum- Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / stock brokers, as the case may be, for the rectified data.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Issue Period. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

In case of any revision to the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/ Issue Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a public notice, and also by indicating the change on the respective websites of the BRLM and the terminals of the Syndicate Members, if any and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Bank, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

### **Minimum Subscription and Underwriting**

This Issue is not restricted to any minimum subscription level and is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In terms of Regulation 272(2) of SEBI ICDR Regulations, in case the Company fails to obtain listing or trading permission from the stock exchanges where the specified securities are proposed to be listed, it shall refund through verifiable means the entire monies received within four days of receipt of intimation from stock exchange(s) rejecting the application for listing of specified securities, and if any such money is not repaid within four days after the issuer becomes liable to repay it, the issuer and every director of the 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 the rate of fifteen per cent per annum.

In terms of Regulation 260 of the SEBI (ICDR) Regulations, 2018, the Issue is 100% underwritten. For details of underwriting arrangement, kindly refer the chapter titled “General Information - Underwriting” on page 43 of this Draft Red Herring Prospectus.

Further, in accordance with Regulation 267 of the SEBI (ICDR) Regulations, 2018, the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

### **Migration to Main Board**

As per the provisions of the Chapter IX of the SEBI (ICDR) Regulation, 2018, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

If the Paid-up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

If the Paid-up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE (BSE SME), wherein the Book Running Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of 3 (three) years from the date of listing on the SME platform of BSE.

For further details of the agreement entered into between the Company, the Book Running Lead Manager and the Market Maker please refer to section titled "General Information - Details of the Market Making Arrangements for this Issue" on page 43 of this Draft Red Herring Prospectus.

#### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of NSE.

#### **As per the extent Guideline of the Government of India, OCBs cannot participate in this Issue**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

#### **Allotment of Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Issue shall be allotted only in dematerialized form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form on the Stock Exchange.

#### **New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this Issue.

#### **Application by Eligible NRI's, FPI's, VCF's, AIF's registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

#### **Restrictions on transfer and transmission of shares or debentures and on their consolidation or splitting**

Except for lock-in of the Pre- Issue Equity Shares and Promoter minimum contribution in the Issue as detailed under section titled "Capital Structure" beginning on page 53 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfer and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles of Association. For further details, please refer to section titled "Main Provisions of the Articles of Association" beginning on page 231 of this Draft Red Herring Prospectus.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 our Company shall, after filing the Red Herring Prospectus/ Prospectus with the RoC publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

#### **Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserve the right to not to proceed with the issue after the Bid/ Issue Opening date but before the Allotment. In such an event, our Company would issue a public notice in the newspaper in which the pre-issue advertisements were published, within two days of the Bid/ Issue Closing date or such other time as may be prescribed by SEBI,

providing reasons for not proceeding with the issue. The BRLM through, the Registrar of the issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one working day from the date of receipt of such notification. Our Company shall also inform the same to the stock exchange on which equity shares are proposed to be listed.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws and regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws and regulations.

**ISSUE STRUCTURE**

This Issue is being made in terms of Regulation 229(1) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue paid up capital is less than ten Crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the BSE SME i.e., SME platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled “Terms of the Issue” and “Issue Procedure” on page 194 and 204 of this Draft Red Herring Prospectus.

**Issue Structure:**

Initial Public Issue of upto 21,60,000 Equity Shares of ₹ 10 each (the “Equity Shares”) for cash at a price of ₹. [●] per Equity Share (including a Share Premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] Lakhs (“the Issue”) by the issuer Company (the “Company”).

The Issue comprises a reservation of upto [●] Equity Shares of ₹ 10 each for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Issue to Public of upto [●] Equity Shares of ₹ 10 each (“the Net Issue”). The Issue and the Net Issue will constitute 26.47% and [●] %, respectively of the post Issue paid up equity share capital of the Company. The Issue is being made through the Book Building Process.

Particulars of the Issue <sup>(2)</sup>	Market Maker Reservation Portion	QIBs <sup>(1)</sup>	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation	Upto [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares	Not less than [●] Equity Shares
Percentage of Issue Size available for allocation	[●] of the Issue Size	Not more than 50% of the Net Issue being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Net Issue	Not less than 35% of the Net Issue
Basis of Allotment <sup>(3)</sup>	Firm Allotment	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate basis subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares.	Proportionate basis subject to minimum allotment of [●] Equity Shares
Mode of Allotment	Compulsorily in dematerialized form.			
Minimum Bid Size	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid	[●] Equity Shares

			Amount exceeds ₹200,000	
Maximum Bid Size	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue (excluding the QIB portion), subject to applicable limits	[●] Equity Shares
Trading Lot	[●] Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form. In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids <sup>(4)</sup>			
Mode of Bid	Only through the ASBA process.	ASBA process. Only through the ASBA process. (Except for Anchor investors)	Only through the ASBA process	Through ASBA Process via Banks or by using UPI ID for payment

*This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.*

- (1) Our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price.
- (2) In terms of Rule 19(2) of the SCRR read with Regulation 252 of the SEBI (ICDR) Regulations, 2018 this is an Issue for at least 25% of the post issue paid-up Equity share capital of the Company. This Issue is being made through Book Building Process, wherein allocation to the public shall be as per Regulation 252 of the SEBI (ICDR) Regulations.
- (3) Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.
- (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Bid-cum-Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

The Bids by FPIs with certain structures as described under “Issue Procedure - Bids by FPIs” on pages 204 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

**Withdrawal of the Issue**

In accordance with SEBI (ICDR) Regulations, the Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time before the Bid/Issue Opening Date, without assigning any reason thereof.

In case, the Company wishes to withdraw the Issue after Bid/Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Book Running Lead Manager, through the Registrar to the Issue, will instruct the SCSBs, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Bid/Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) filing of the Red Herring Prospectus/ Prospectus with ROC.

**Issue Program**

<b>Event</b>	<b>Indicative Dates</b>
Bid/ Issue Opening Date	[●] <sup>1</sup>
Bid/ Issue Closing Date	[●] <sup>2</sup>
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Allotment/ Refunds/ Unblocking of Funds from ASBA Account or UPI ID linked bank account	[●]
Credit of Equity Shares to Demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

*Note 1*Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI ICDR Regulations

*2*Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

Applications and any revisions to the same will be accepted only between 10.00 A.M. to 5.00 P.M. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Bid-Cum Application Form.

Standardization of cut-off time for uploading of applications on the Bid/ Issue Closing Date:

- a) A standard cut-off time of 3.00 P.M. for acceptance of applications.
- b) A standard cut-off time of 4.00 P.M. for uploading of applications received from other than retail individual applicants.
- c) A standard cut-off time of 5.00 P.M. for uploading of applications received from only retail individual applicants, which may be extended up to such time as deemed fit by stock exchange after taking into account the total number of applications received up to the closure of timings and reported by BRLM to stock exchange within half an hour of such closure.

It is clarified that Applications not uploaded would be rejected. In case of discrepancy in the data entered in the electronic form vis-à-vis the data contained in the physical Bid-Cum Application form, for a particular applicant, the details as per physical Bid-Cum application form of that Applicant may be taken as the final data for the purpose of allotment.

Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding bank holidays).

## **ISSUE PROCEDURE**

All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, and SEBI Circular bearing number (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018, notified by SEBI (“General Information Document”) and SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, included below under Section “PART B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

Additionally, all Bidders may refer to the General Information Document for information, in addition to what is stated herein, in relation to (i) category of Bidders eligible to participate in the Issue; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) payment instructions for Bidders applying through ASBA process and Retail Individual Investors applying through the United Payments Interface channel; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid Cum Application Form); (vii) Designated Date; (viii) disposal of Applications; (ix) submission of Bid Cum Application Form; (x) other instructions (limited to joint Applications in cases of individual, multiple Applications and instances when an Application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious Applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

With effect from July 1, 2019, with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applications with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”), Further pursuant to SEBI Circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 UPI Phase II was extended till March 31, 2020. Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and Book Running Lead Manager would not be able to include any amendment, modification or change in applicable law, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their application do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

This section applies to all the Bidders, please note that all the Bidders are required to make payment of the Full Application Amount along with the Bid Cum Application Form.

### **Phased implementation of Unified Payments Interface**

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 (collectively the “UPI Circulars”) in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three



working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase has become applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever is later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a Retail Individual Applicant had the option to submit the Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. Subsequently, it was decided to extend the timeline for implementation of Phase II until March 31, 2020. Further, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount is continued till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Manager.

## **PART A**

### **Book Building Procedure**

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") read with Regulation 252 of SEBI ICDR Regulations, 2018, the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made under Regulation 229(1) of Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 via book building process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs, provided that our Company and may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spillover from other categories or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.**

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the NSE, at least one day prior to the Bid/Issue Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLM.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorization to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Issue through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

- i. RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- ii. RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- iii. QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

Anchor Investors are not permitted to participate in the Offer through the ASBA process.

For Anchor Investors, the Anchor Investor Application Form will be available at the office of the BRLM. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour*
Anchor Investor**	[•]
Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)	[•]
Non-Residents including eligible NRI's, FPI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA)	[•]

\*Excluding Electronic Bid cum Application Form

\*\* Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

Designated Intermediaries (other than SCSBs) after accepting Bid Cum Application Form submitted by RIIs (without using UPI for payment), NIIs and QIBs shall capture and upload the relevant details in the electronic bidding system of stock exchange(s) and shall submit/deliver the Bid Cum Application Forms to respective SCSBs where the Bidders has a bank account and shall not submit it to any non-SCSB Bank.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Bidders shall only use the specified Bid Cum Application Form for making a bid in terms of the Draft Red Herring Prospectus.

The Bid Cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidders wish to apply for Bid Cum Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.

An Investor, intending to subscribe to this Issue, shall submit a completed Bid Cum Application Form to any of the following intermediaries (Collectively called – Designated Intermediaries”)

<b>Sr. No.</b>	<b>Designated Intermediaries</b>
1.	An SCSB, with whom the bank account to be blocked, is maintained
2.	A syndicate member (or sub-syndicate member)
3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
4.	A depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
5.	A registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as "Intermediaries"), and intending to use UPI, shall also enter their UPI ID in the Bid Cum Application Form.

The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

<b>For Applications submitted by Investors to SCSB</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs</b>	After accepting the Bid Cum Application Form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the Bid Cum Application Forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.
<b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment</b>	After accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange. Stock exchange shall share application details including the UPI ID with sponsor bank on a continuous basis, to enable sponsor bank to initiate mandate request on investors for blocking of funds. Sponsor bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his/her mobile application, associated with UPI ID linked bank account.

Stock exchange shall validate the electronic bid details with depository's records for DP ID/Client ID and PAN, on a real-time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.

Stock exchange shall allow modification of selected fields viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the bid details already uploaded.

Upon completion and submission of the Bid Cum Application Form to Application Collecting intermediaries, the Bidders are deemed to have authorized our Company to make the necessary changes in the Draft Red Herring Prospectus, without prior or subsequent notice of such changes to the Bidders.

#### **Availability of Draft Red Herring Prospectus and Bid Cum Application Forms**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Issue Opening Date.

Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

#### **Who can Bid?**

Each Bidder should check whether it is eligible to apply under applicable law, rules, regulations, guidelines and policies. Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

**Subject to the above, an illustrative list of Bidders is as follows:**

- a) Indian nationals' resident in India who are not incompetent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint application and minors having valid Demat account as per Demographic Details provided by the Depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept the Applications belonging to an account for the benefit of minor (under guardianship);
- b) Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the application is being made in the name of the HUF in the Bid Cum Application Form as follows: -Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- c) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- d) Mutual Funds registered with SEBI;
- e) Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- f) Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- g) FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI;
- h) Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- i) Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Bidder 's category;
- j) Venture Capital Funds and Alternative Investment Fund (I) registered with SEBI; State Industrial Development Corporations;
- k) Foreign Venture Capital Investors registered with the SEBI;
- l) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- m) Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- n) Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- o) Provident Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- p) Pension Funds and Pension Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- q) National Investment Fund set up by Resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- r) Multilateral and bilateral development financial institution;
- s) Eligible QFIs;
- t) Insurance funds set up and managed by army, navy or air force of the Union of India;
- u) Insurance funds set up and managed by the Department of Posts, India;
- v) Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

Applications not to be made by:

1. Minors (except through their Guardians)
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as 138 incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid Cum Application Form, the OCB shall be eligible to be considered for share allocation.

## **MAXIMUM AND MINIMUM APPLICATION SIZE**

### **1. For Retail Individual Bidders**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Price payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Bidders have to ensure that the Application Price does not exceed ₹ 2,00,000.

### **2. For Other than Retail Individual Bidders (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. An application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Bidders, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

Bidders are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## **METHOD OF BIDDING PROCESS**

Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Pune Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The BRLM and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.

- a) The Bid / Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Pune Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager.
- b) During the Bid/ Issue Period, Retail Individual Bidders, should approach the BRLM or their authorized agents to register their Bids. The BRLM shall accept Bids from Anchor Investors and ASBA Bidders in Specified Cities and it shall have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the BRLM (for the Bids to be submitted in the Specified Cities) to register their Bids.
- c) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder/Applicant at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- d) The Bidder/ Applicant cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLM or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLM or SCSB will be treated as multiple Bid and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Buildup of the Book and Revision of Bids”.
- e) Except in relation to the Bids received from the Anchor Investors, the BRLM/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form
- f) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e., one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

- g) Along with the Bid cum Application Form, Anchor Investors will make payment in the manner described in “Escrow Mechanism - Terms of payment and payment into the Escrow Accounts” in the section “Issue Procedure” beginning on page 204 of this Draft Red Herring Prospectus
- h) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form prior to uploading such Bids with the Stock Exchange.
- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchange.
- j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- k) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- a. Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e., the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- b. Our Company in consultation with the BRLM, will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- c. The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders May Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- d. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- e. The price of the specified securities offered to an anchor investor shall not be lower than the price offered to other applicants.

#### **Participation by Associates /Affiliates of BRLM and the Syndicate Members**

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

Neither the BRLM nor any persons related to the BRLM (other than Mutual Funds sponsored by entities related to the BRLM), Promoters and Promoter Group can apply in the Issue under the Anchor Investor Portion.

#### **Option to Subscribe in the Issue**

- a. As per Section 29(1) of the Companies Act 2013, allotment of Equity Shares shall be made in dematerialized form only. Investors will not have the option of getting allotment of specified securities in physical form.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

**Information for the Bidders**

1. Our Company and the Book Running Lead Manager shall declare the Bid/ Issue Opening Date and Bid/ Issue Closing Date in the Red Herring Prospectus/Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
3. Copies of the Bid Cum Application Form along with Abridge Prospectus and copies of the Draft Red Herring Prospectus/Red Herring Prospectus/Prospectus will be available with the, the Book Running Lead Manager, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Bid Cum Application Forms will also be available on the websites of the Stock Exchange.
4. Any Bidder who would like to obtain the Draft Red Herring Prospectus/Red Herring Prospectus/Prospectus and/ or the Bid Cum Application Form can obtain the same from our Registered Office.
5. Bidders who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Bid Cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Bid Cum Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Bid Cum Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account. The Retail Individual Applicants has to apply only through UPI Channel, they have to provide the UPI ID and validate the blocking of the funds and such Bid Cum Application Forms that do not contain such details are liable to be rejected.
8. Bidders applying directly through the SCSBs should ensure that the Bid Cum Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSB's or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Bid Cum Application Form, before entering the ASBA application into the electronic system.
9. Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of application in joint names, the first Bidder (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Bid Cum Application Form without PAN is liable to be rejected. The demat accounts of Bidders for whom PAN details have not been verified, excluding person resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.
10. The Bidders may note that in case the PAN, the DP ID and Client ID mentioned in the Bid Cum Application Form and entered into the electronic collecting system of the Stock Exchange Designated Intermediaries do not match with PAN, the DP ID and Client ID available in the Depository database, the Bid Cum Application Form is liable to be rejected.

**BIDS BY ANCHOR INVESTORS:**

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in the Issue for up to 60% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1) (ss) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced

in proportion to allocation under the Anchor Investor Portion. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- 1) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLM.
- 2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is at least ₹ 200.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 200.00 lakhs
- 3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- 4) Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and be completed on the same day.
- 5) Our Company in consultation with the BRLM, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
  - where allocation in the Anchor Investor Portion is up to ₹ 200.00 Lakhs, maximum of 2 (two) Anchor Investors.
  - where the allocation under the Anchor Investor Portion is more than ₹ 200.00 Lakhs but upto ₹ 2500.00 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of ₹ 100.00 Lakhs per Anchor Investor; and
  - where the allocation under the Anchor Investor portion is more than ₹ 2500.00 Lakhs:(i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto ₹ 2500.00 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of ₹ 2500.00 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of ₹ 100.00 Lakhs per Anchor Investor.
- 6) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
- 7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- 8) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Issue Closing Date. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
- 9) At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
- 10) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
- 11) The BRLM, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM and made available as part of the records of the BRLM for inspection by SEBI.
- 12) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- 13) Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

**BIDS BY ELIGIBLE NRIS:**

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non- Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non- Resident Ordinary (“NRO”) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.



Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

**BIDS BY FPI INCLUDING FII'S:**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FPI after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the Issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue 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 recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non- Residents (blue in colour).

**BIDS BY SEBI REGISTERED VCF'S, AIF'S AND FVCI'S:**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIF's.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

**BIDS BY HUFs:**

Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Application is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bid cum Applications by HUFs may be considered at par with Bid cum Applications from individuals.

**BIDS BY MUTUAL FUNDS:**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

**BIDS BY SYSTEMATICALLY IMPORTANT NON BANKING FINANCIAL COMPANIES:**

In case of Applications made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Application, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Issue shall comply with all applicable legislations, regulations, directions, guidelines and circulars issued by RBI from time to time.

**BIDS BY LIMITED LIABILITY PARTNERSHIPS:**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

**BIDS BY INSURANCE COMPANIES:**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- 1) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- 2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (1), (2) and (3) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

**BIDS UNDER POWER OF ATTORNEY:**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form
- e) Our Company in consultation with the BRLM in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the BRLM and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

**BIDS BY PROVIDENT FUNDS / PENSION FUNDS:**

In case of Bids made by provident funds with minimum corpus of ₹ 25 Crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

**BIDS BY BANKING COMPANY:**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks' own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks' interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a nonfinancial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

## **BIDS BY SCSB'S:**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum Applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

## **ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE ISSUE:**

- 1) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.
- 2) The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

## **Issue Procedure for Application Supported by Blocked Account (ASBA) Bidders**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Bidders have to compulsorily apply through the ASBA Process. Our Company and the Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid Cum Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Bid Cum Application Form, please refer the above-mentioned SEBI link.

## **Terms of payment**

The entire Issue price of ₹ [●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Bidders.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Bidders.

## **Payment mechanism**

The Bidders shall specify the bank account number in their Bid Cum Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Bid Cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non-Retail Bidders shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Bid Cum Application Form or for unsuccessful Bid Cum Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Bidder, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public Issue have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

## **Payment into Escrow Account for Anchor Investors**

All the investors other than Anchor Investors are required to bid through ASBA Mode. Anchor Investors are requested to note the following:

Our Company in consultation with the Book Running Lead Manager, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- a. In case of resident Anchor Investors: - “Shri Balaji Valve Components Limited IPO – Anchor Account- R”
- b. In case of Non-Resident Anchor Investors: - “Shri Balaji Valve Components Limited IPO – Anchor Account- NR”
- c. Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Anchor Investors.

#### Electronic Registration of Applications

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 5.00 p.m. of the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
  - a) the applications accepted by them,
  - b) the applications uploaded by them
  - c) the applications accepted but not uploaded by them or
  - d) With respect to applications by Bidders, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Bid Cum Application Form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Book Running Lead Manager nor our Company nor the Registrar to the Issue, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,
  - (i) The applications accepted by any Designated Intermediaries
  - (ii) The applications uploaded by any Designated Intermediaries or
  - (iii) The applications accepted but not uploaded by any Designated Intermediaries
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will available at the terminals of Designated Intermediaries and their authorized agents during the Issue Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Book Running Lead Manager on a regular basis.
6. With respect to applications by Bidders, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Bid Cum Application Forms to Designated Branches of the SCSBs for blocking of funds:

S. No.	Details*
1.	Symbol
2.	Intermediary Code
3.	Location Code
4.	Application No.
5.	Category
6.	PAN
7.	DP ID
8.	Client ID

9.	Quantity
10.	Amount

\*Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields

7. With respect to applications by Bidders, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Bidders into in the on-line system:
  - Name of the Bidder;
  - IPO Name;
  - Bid Cum Application Form Number;
  - Investor Category;
  - PAN (of First Bidder, if more than one Bidder);
  - DP ID of the demat account of the Bidder;
  - Client Identification Number of the demat account of the Bidder;
  - Number of Equity Shares Applied for;
  - Bank Account details;
  - Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
8. In case of submission of the Application by a Bidder through the Electronic Mode, the Bidder shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Bid Cum Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non-Retail Bidders and Retail Individual Bidders, applications would not be rejected except on the technical grounds as mentioned in the Draft Red Herring Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
12. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Book Running Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our company; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 5.00 p.m. on the Bid/Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Bid/Issue Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Issue.
15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

**Build of the Book**

- a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchange on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/ Issue Period.

- b) Based on the aggregate demand and price for Bids registered on the Stock Exchange Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange may be made available at the Bidding centres during the Bid/ Issue Period.

#### **Withdrawal of Bids**

- a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **Price Discovery and Allocation**

- a) Based on the demand generated at various price levels, our Company in consultation with the BRLM, shall finalize the Issue Price and the Anchor Investor Issue Price.
- b) The SEBI ICDR Regulations, 2018 specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.
- c) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and the in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- d) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the Draft Red Herring Prospectus.
- e) In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the category shall be allotted that higher percentage.
- f) Allocation to Anchor Investors shall be at the discretion of our Company and in consultation with the BRLM, subject to compliance with the SEBI Regulations.

Illustration of the Book Building and Price Discovery Process: Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Amount (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalize the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

#### **Signing of Underwriting Agreement and Filing of Red Herring Prospectus/ Prospectus with RoC**

- 1) Our company has entered into an Underwriting Agreement dated [●]
- 2) A copy of Red Herring Prospectus will be filed with the RoC and copy of Prospectus will be filed with RoC in terms of Section 32 of Companies Act, 2013 and Section 26 of Companies Act, 2013.

## **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after filing the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in (i) English National Newspaper; (ii) Hindi National Newspaper and (iii) Regional Newspaper each with wide circulation. In the pre-Issue advertisement, we shall state the Bid Opening Date and the Bid/Issue Closing Date and the floor price or price band along with necessary details subject to regulation 250 of SEBI ICRD Regulations. This advertisement, subject to the provisions of section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

## **ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS:**

Our Company will issue a statutory advertisement after the filing of the Red Herring Prospectus/ Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## **GENERAL INSTRUCTIONS:**

Please note that the NIIs are not permitted to withdraw their bids or lower the size of Bids in terms of quantity of Equity Shares or Bid Amount) at any stage. Retail Individual Investor can revise their Bids during the Bid/Issue period and withdraw their Bids until Bid/issue Closing date.

Anchor investors are not allowed to withdraw their Bids after Anchor Investors bidding date.

## **Do's:**

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID, Client ID, UPI ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. In case of Joint bids, ensure the first bidder is the ASBA Account holder (or the UPI linked bank account holder, as the case may be) and the signature of the first bidder is included in the Bid cum Application Form;
8. QIBs, Non-Institutional Bidders and the Retail Bidders should submit their Bids through the ASBA process only. However, pursuant to SEBI circular dated November 01, 2018, RII may submit their bid by using UPI mechanism for payment.
9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
11. Ensure that you have funds equal to the Bid Amount in the Bank Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process or application forms submitted by RIIs using UPI mechanism for payment, to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centers), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;



16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
17. Ensure that the category and the investor status is indicated;
18. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
20. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
22. Ensure that you have mentioned the correct ASBA Account number or UPI ID in the Bid cum Application Form;
23. Ensure that you have mentioned the details of your own bank account for blocking of fund or your own bank account linked UPI ID to make application in the Public Issue;
24. Ensure that on receipt of the mandate request from sponsor bank, you have taken necessary step in timely manner for blocking of fund on your account through UPI ID using UPI application;
25. Ensure that you have correctly signed the authorization / undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
26. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
27. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid / revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceed ₹ 2,00,000/- (for Applications by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Application exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Applicant;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not submit a Bid by using details of the third party's bank account or UPI ID which is linked with bank account of the third party. Kindly note that Bids made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Other instructions for the Bidders**

**Joint Bids**

In the case of Joint Bids, the Bids should be made in the name of the Bidders whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidders would be

required in the Bid cum Application Form/Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

### **Multiple Bids**

Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid\ cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

### **Investor Grievance**

In case of any pre-issue or post issue related problems regarding demat credit/ refund orders/ unblocking etc. the Investors can contact the Compliance Officer of our Company.

### **Nomination Facility to Bidders**

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

#### **Submission of Bids**

- a) During the Bid/Issue Period, Bidders may approach any of the Designated Intermediaries to register their Bids.
- b) In case of Bidders (excluding NIIs and QIBs) Bidding at cut-off price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- c) For details of the timing on acceptance and upload of Bids in the Stock Exchange platform Bidders are requested to refer to the DRHP.

### **GROUNDS OF TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant 's identity (DP ID) and the beneficiary 's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges;
- Where no confirmation is received from SCSB for blocking of funds;
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals; and
- Details of ASBA Account not provided in the Bid cum Application form.

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **BASIS OF ALLOCATION**

- The SEBI (ICDR) Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the DRHP. For details in relation to allocation, the Bidder may refer to the RHP.
- Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI (ICDR) Regulations, Unsubscribed portion in QIB Category is not available for subscription to other categories.
- In case of under subscription in the issue, spill-over to the extent of such under- subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.

#### **ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue. However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

#### **BASIS OF ALLOTMENT**

##### **a) For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

**b) For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non- Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs and Retail shall be available for Allotment to Non- Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

**c) For QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner: Allotment shall be undertaken in the following manner:

- a) In the first instance allocation to Mutual Funds for [●] % of the QIB Portion shall be determined as follows:
- In the event that Bids by Mutual Fund exceeds [●] % of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for [●] % of the QIB Portion.
  - In the event that the aggregate demand from Mutual Funds is less than [●] % of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
  - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- b) In the second instance Allotment to all QIBs shall be determined as follows:
- In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for [●] % of the QIB Portion.
  - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.
  - Under-subscription below [●] % of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis. The aggregate Allotment to QIB Bidders shall not be more than [●] Equity Shares.

**a. ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Allocation Price will be at the discretion of the Issuer, in consultation with the BRLM, subject to compliance with the following requirements:
- a. not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - b. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - c. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 2 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2 crores and up to ₹ 25 crores subject to minimum allotment of ₹ 1 crores per such Anchor Investor; and
    - in case of allocation above twenty five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to twenty five crore rupees and an additional 10 such investors for every additional

twenty five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.

- b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- c) In the event that the Issue Price is higher than the Anchor Investor Allocation Price:

Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors

- d) In the event the Issue Price is lower than the Anchor Investor Allocation Price:

Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

- e) Basis of Allotment for QIBs (other than Anchor Investors) and NIIs in case of Over Subscribed Issue:

In the event of the Issue being Over-Subscribed, the Issuer may finalize the Basis of Allotment in consultation with BSE SME (The Designated Stock Exchange). The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e., the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category multiplied by number of Shares applied for).
- b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e., Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
  - (i) Each successful Bidder shall be allotted [●] equity shares; and
  - (ii) The successful Bidder out of the total bidders for that category shall be determined by draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the Issue specified under the Capital Structure mentioned in this DRHP.

Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00, 000/- .Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director/ Managing Director of BSE - the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

#### **Issuance of Allotment Advice**

- 1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.

- 2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Bidders are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the issue.

The Book Running Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Bidder.

- 3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful Bidders Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Bidders Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

**Designated Date:**

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Bid/Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under relevant provisions of the Companies Act, 2013 or other applicable provisions, if any

**Instructions for Completing the Bid Cum Application Form**

The Applications should be submitted on the prescribed Bid Cum Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Bid Cum Application Form. Applications not so made are liable to be rejected. Applications made using a third-party bank account or using third party UPI ID linked bank account are liable to be rejected. Bid Cum Application Forms should bear the stamp of the Designated Intermediaries. ASBA Bid Cum Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Bid Cum Application Forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e., [www.bseindia.com](http://www.bseindia.com) and NSE i.e., [www.nseindia.com](http://www.nseindia.com). With a view to broad base the reach of Investors by substantial, enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Bid Cum Application Forms in Public Issue with effect front January 01, 2016. The List of ETA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e., [www.bseindia.com](http://www.bseindia.com) and NSE i.e., [www.nseindia.com](http://www.nseindia.com).

**Bidder's Depository Account and Bank Details**

Please note that, providing bank account details, PAN No's, Client ID and DP ID in the space provided in the Bid Cum Application Form is mandatory and applications that do not contain such details are liable to be rejected.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Bid Cum Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain front the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Bidders including mailing of the Allotment Advice. The Demographic Details given by Bidders in the Bid Cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid Cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Submission of Bid Cum Application Form**

All Bid Cum Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.

## **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid Cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Cum Application Form, name and address of the Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

## **Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE SME where the Equity Shares are proposed to be listed are taken within 6 (Six) working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
2. Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Issue Closing Date, would be ensured; and
3. If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

## **Right to Reject Applications**

In case of QIB Bidders, the Company in consultation with the BRLM may reject Applications provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders who applied, the Company has a right to reject Applications based on technical grounds.

## **Impersonation**

Attention of the Bidders 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.”

## **Undertakings by Our Company**

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading on Stock Exchange where the Equity Shares are proposed to be listed within six working days from Issue Closure date.

3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
4. Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That our Promoter 's contribution in full has already been brought in;
6. That no further Issue of Equity Shares shall be made till the Equity Shares Issued through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
7. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment;
8. If our Company does not proceed with the Issue after the Bid/Issue Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
9. If our Company withdraws the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
10. If allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period.

#### **Utilization of Issue Proceeds**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act 2013;
- 2) Details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
- 5) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
- 6) The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of our Company to have their shareholding in electronic form, the Company has signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Tripartite Agreement dated [●] between NSDL, the Company and the Registrar to the Issue;
- Tripartite Agreement dated [●] between CDSL, the Company and the Registrar to the Issue;
- The Company's equity shares bear an ISIN [●].



## **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 Foreign Exchange Management Act, 1999 (“FEMA”). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (“RBI”) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”).

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated Foreign Direct Investment Policy notified by the DPIIT File No. 5(2)/2020-FDI Policy dated October 15, 2020, with effect from October 15, 2020 (the “FDI Policy”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT or the DPIIT that were in force and effect prior to October 15, 2020. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

In terms of the FEMA NDI Rules, a person resident outside India may make investments into India, subject to certain terms and conditions, and provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with government approval.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

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 (“Restricted Investors”), 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. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 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 of fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Issue Period.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### **Investment conditions/ restrictions for overseas entities**

Under the current FDI Policy 2020, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Foreign Exchange Management. (Non-debt Instruments) Rules, 2019. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral/ statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be

subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

#### **Investment by FPIs under Portfolio Investment Scheme (PIS)**

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% 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 FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

#### **Investment by NRI or OCI on repatriation basis**

The purchase/ sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as “Capital Instruments”) of a listed Indian company on a recognized stock exchange in India by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

The total holding by any individual NRI or OCI shall 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 shall 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; provided that 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.

#### **Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2020, Foreign Exchange Management (Non-debt Instruments) Rules, 2019, Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non- repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.

Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorized. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Draft Red Herring Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

**SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY**

The following regulations comprised in the Articles of Association were adopted pursuant to the member's special resolution passed at the Extra Ordinary General Meeting held on June 26, 2023 in substitution for, and to the entire exclusion of, the earlier regulation comprised in the extant Articles of Association of the Company.

Pursuant to Schedule I of the Companies Act, and the SEBI ICDR Regulations, the Main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and Transmission of equity shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the articles of association and defined terms herein have the meaning given to them in the Articles of Association.

**INTERPRETATION**

1. In these regulations-
  - b. "The Act" means the Companies Act, 2013.
  - c. "The seal" means a rounded seal of the Company
  - d. "Articles" means Articles of Association of the Company as originally framed or altered from time to time
  - e. "Beneficial Owner" shall have the meaning assigned thereto by Section 2(1) (a) of the Depositories Act, 1996.
  - f. "Board" or "Board of Director" means the Collective body of the Board of Directors of the Company.]
  - g. "Chairman" means the Chairman of the Board of the Directors of the Company.
  - h. "The Company" means SHRI BALAJI VALVE COMPONENTS LIMITED.
  - i. "Depositories Act, 1996" shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.
  - j. "Depository" shall have the meaning assigned thereto by Section 2 (1) (e) of the Depositories Act, 1996.
  - k. "Directors" mean the Directors for the time being of the Company.
  - l. "Dividend" includes any interim dividend.
  - m. "Document" means a document as defined in Section 2 (36) of the Companies Act, 2013
  - n. "Equity Share Capital", with reference to any Company limited by shares, means all share capital which is not preference share capital
  - o. "KMP" means Key Managerial Personnel of the Company provided as per the relevant sections of the Act.
  - p. "Managing Director" means a director who by virtue or an agreement with the Company or of a resolution passed by the Company in general meeting or by its Board of Directors or by virtue of its Memorandum or Articles of Association is entrusted with substantial powers of management and includes a director occupying the position of managing director, by whatever name called.
  - q. "Month" means Calendar month.
  - r. "Office" means the registered office for the time being of the Company.
  - s. "Paid-up share capital" or "share capital paid-up" means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;
  - t. "Postal Ballot" means voting by post or through any electronic mode.
  - u. "Proxy" includes attorney duly constituted under the power of attorney to vote for a member at a General Meeting of the Company on poll.
  - v. "Public Holiday" means a Public Holiday within the meaning of the Negotiable Instruments Act, 1881 (XXVI of 1881); provided that no day declared by the Central Government to be such a holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issue of the notice convening such meeting.
  - w. "Registrar" means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated and includes an Additional Registrar a Joint Registrar, a Deputy Registrar or an Assistant Registrar having the duty of registering companies and discharging various functions under this Act.
  - x. "Rules" means the applicable rules as prescribed under the relevant sections of the Act for time being in force.
  - y. "SEBI" means Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.
  - z. "Securities" means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956)
  - aa. "Share" means share in the Share Capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.
  - bb. "Preference Share Capital", with reference to any Company limited by shares, means that part of the issued share capital of the Company which carries or would carry a preferential right with respect to—
    - (a) payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which may either be free of or subject to income-tax; and

(b) repayment, in the case of a winding up or repayment of capital, of the amount of the share capital paid-up or deemed to have been paid-up, whether or not, there is a preferential right to the payment of any fixed premium or premium on any fixed scale, specified in the memorandum or articles of the Company;

In writing' and 'written' includes printing, lithography and other modes of representing or reproducing words in a visible form. '

Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

## **SHARE CAPITAL AND VARIATION OF RIGHTS**

1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
2.
  - i. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -
    - a. one certificate for all his shares without payment of any charges; or
    - b. several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
  - ii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid - up thereon.
  - iii. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
3.
  - i. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
  - ii. The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
4. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
5.
  - i. The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
  - ii. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
  - iii. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
6.
  - i. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - ii. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **LIEN**

9. i. The company shall have a first and paramount lien

a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

ii. The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

iii. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made-

a. unless a sum in respect of which the lien exists is presently payable; or

b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. i. To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof

ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.

iii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. i. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

ii. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### **CALLS ON SHARES**

13. i. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

ii. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

iii. A call may be revoked or postponed at the discretion of the Board.

iv. That any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits

14. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. i. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

ii. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board -

a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him and

b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

#### **TRANSFER OF SHARES**

19. i. The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

ii. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

iii. That a common form of transfer shall be used

20. i. The Board may, subject to the right of appeal conferred by section 58 decline to register—

ii. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

iii. any transfer of shares on which the company has a lien.

21. The Board may decline to recognize any instrument of transfer unless—

a. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

b. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

c. the instrument of transfer is in respect of only one class of shares.

That registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **TRANSMISSION OF SHARES**

23. i. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares

ii. Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. i. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-

a. to be registered himself as holder of the share; or

b. to make such transfer of the share as the deceased or insolvent member could have made.

ii. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. i. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

ii. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

iii. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

27. In case of a One Person Company—

#### **FORFEITURE OF SHARES**

28. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

29. The notice aforesaid shall-

a. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

31. i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

32. i. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

ii. The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

33. i. A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

ii. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

iii. The transferee shall thereupon be registered as the holder of the share; and

iv. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

34. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **ALTERATION OF CAPITAL**

35. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

36. Subject to the provisions of section 61, the company may, by ordinary resolution-

i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

ii. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

iii. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and

iv. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

v. Permission for sub-division/ consolidation of share certificates

37. Where shares are converted into stock, —

- the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

- such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

38. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law-

- its share capital;
- any capital redemption reserve account; or
- any share premium account.

#### **CAPITALISATION OF PROFITS**

39. The company in general meeting may, upon the recommendation of the Board, resolve-

i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and

ii. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.



- iii. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards-
    - a. paying up any amounts for the time being unpaid on any shares held by such members respectively;
    - b. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
    - c. partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
  - iv. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - v. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- 40.
- i. Whenever such a resolution as aforesaid shall have been passed, the Board shall-
    - a. make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
    - b. generally, do all acts and things required to give effect thereto.
  - ii. The Board shall have power-
    - a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
    - b. to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
  - iii. Any agreement made under such authority shall be effective and binding on such members

#### **BUY-BACK OF SHARES**

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **GENERAL MEETINGS**

42. All general meetings other than annual general meeting shall be called extraordinary general meeting.
43. i. The Board may, whenever it thinks fit, call an extraordinary general meeting.
- ii. If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **PROCEEDINGS AT GENERAL MEETINGS**

44. i. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- ii. Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
45. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
46. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
47. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

#### **ADJOURNMENT OF MEETING**

48. i. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- iii. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- iv. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **VOTING RIGHTS**

49. Subject to any rights or restrictions for the time being attached to any class or classes of shares,
- i. on a show of hands, every member present in person shall have one vote;
- ii. and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
- iii. That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings
50. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
51. i. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
52. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
53. Any business other than that upon which a poll has been demanded maybe proceeded with, pending the taking of the poll.
54. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
55. i. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

#### **PROXY**

56. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
57. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105
58. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## **BOARD OF DIRECTORS**

59. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them. . At the Time of Adoption of These Articles The following are the Directors of the Company:

1. Mr. Laxmikant Sadashiv Kole
2. Mrs. Madhuri Laxmikant Kole

60. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-

- in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
- in connection with the business of the company.

61. The Board may pay all expenses incurred in getting up and registering the company.

62. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

63. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

64. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

65. i. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

ii. Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

## **PROCEEDINGS OF THE BOARD**

66. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

67. i. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

ii. In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

68. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

69. i. The Board may elect a chairperson of its meetings and determine the period for which he is to hold office.

ii. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

70. i. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

ii. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

71. i. A committee may elect a chairperson of its meetings.

ii. If no such Chairperson is elected, or if at any meeting the 72 Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

72. i. A committee may meet and adjourn as it thinks fit.

ii. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

73. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

74. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

75. Subject to the provisions of the Act,

i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer

76. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

#### **THE SEAL**

77. i. The Board shall provide for the safe custody of the seal.

ii. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

#### **DIVIDENDS AND RESERVE**

78. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

79. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

80. i. The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

ii. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

81. i. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

ii. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

iii. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

82. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

83. i. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

ii. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

84. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

85. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

86. No dividend shall bear interest against the company.

## **ACCOUNTS**

87. i. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

ii. No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

## **WINDING UP**

88. Subject to the provisions of Chapter XX of the Act and rules made thereunder-

i. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

## **INDEMNITY**

89. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

**SECTION IX – OTHER INFORMATION**

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/Prospectus, delivered to the Registrar of Companies, for filing. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office between 10 am and 5 pm on all Working Days from the date of Red Herring Prospectus until the Issue Closing Date.

**Material Contracts**

- 1) Issue Agreement dated August 07, 2023 between our Company and the Book Running Lead Manager to the Issue.
- 2) Registrar Agreement dated August 02, 2023 executed between our Company and the Registrar to the Issue.
- 3) Cash escrow and sponsor bank agreement dated [●] entered into between our Company, the Registrar to the Issue, the BRLMs, Syndicate Members and the Banker(s) to the Issue
- 4) Market Making Agreement dated August 07, 2023 between our Company, Book Running Lead Manager and Market Maker.
- 5) Underwriting agreement dated August 07, 2023 entered into between our Company and the Underwriters.
- 6) Syndicate Agreement dated [●] entered into among the members of the Syndicate, and Our Company.
- 7) Tripartite Agreement dated [●] among CDSL, the Company and the Registrar to the Issue.
- 8) Tripartite Agreement dated [●] among NSDL, the Company and the Registrar to the Issue.

**Material Documents**

- 1) Certified copies of the Memorandum of Association and Articles of Association as amended from time to time.
- 2) Certificate of Incorporation dated November 17, 2011 issued by Registrar of Companies, Maharashtra, Pune.
- 3) Fresh Certificate of Incorporation dated July 10, 2023 issued by the Registrar of Companies, Pune consequent upon Conversion of the Company to Public Company.
- 4) Resolution of the Board of Directors dated July 24, 2023 in relation to the Issue and other related matters.
- 5) Copy of Shareholder's Resolution dated July 31, 2023 authorizing the Issue and other related matters.
- 6) Copies of Audited Financial Statements of our Company for the period ended March 31 2023, March 31, 2022 and March 31, 2021.
- 7) Statutory Auditors Report dated August 04, 2023 on the Restated Financial Statements for the financial years ended March 31 2023, March 31, 2022 and March 31, 2021.
- 8) Copy of the Statement of Tax Benefits dated August 09, 2023 from the Statutory Auditor.
- 9) Consents of the Book Running Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Market Maker, Underwriter, Banker to the Issue/ Sponsor Bank, Refund Banks, Public Issue Account Bank, Statutory Auditors of the Company, Bankers to our Company, Promoters, Directors, Company Secretary and Compliance Officer and Chief Financial Officer, to act in their respective capacities;.
- 10) Certificate on KPI's issued by our statutory auditors namely Kishor Gurjar & Associates. Chartered Accountants dated August 09, 2023.
- 11) Board Resolution dated September 04, 2023 for approval of Draft Red Herring Prospectus, dated [●] for approval of Red Herring Prospectus and dated [●] for approval of Prospectus.
- 12) Due Diligence Certificate from Book Running Lead Manager dated September 04, 2023.
- 13) Approval from BSE vide letter dated [●] to use the name of BSE in the Red Herring Prospectus & Prospectus for listing of Equity Shares on the BSE SME (SME Platform) of the BSE Limited.

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY:**

<b>Name &amp; Designation</b>	<b>Signature</b>
Laxmikant Sadashiv Kole Chairman & Managing Director DIN: 05110323	Sd/-

Date: September 04, 2023

Place: Pune, Maharashtra

**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY:**

<b>Name &amp; Designation</b>	<b>Signature</b>
Madhuri Laxmikant Kole Non-Executive Director DIN: 05110326	Sd/-

Date: September 04, 2023

Place: Pune, Maharashtra



**DECLARATION**

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY:**

<b>Name &amp; Designation</b>	<b>Signature</b>
Shrinivas Laxmikant Kole Whole Time Director & CFO DIN: 10119216	Sd/-

Date: September 04, 2023

Place: Pune, Maharashtra