Draft Letter of Offer
October 06, 2021
For Eligible Equity Shareholders of our Company only

SHIVAM AUTOTECH LIMITED

Shivam Autotech Limited (the "**Company**" or the "**Issuer**") was incorporated on July 29, 2005, pursuant to a certificate of incorporation issued by the Asst. Registrar of Companies, N.C.T. of Delhi and Haryana. Our Company received the certificate of commencement of business from the Asst. Registrar of Companies, N.C.T. of Delhi and Haryana on October 17, 2005. For further details, see "*Our Business*" on page 52.

Registered Office: 10, 1st Floor, Tower A, Emaar Digital Greens, Sector - 61, Golf Course Extension Road, Gurugram, Haryana-122102, India.
Tel: 0124-4698700
Contact Person: Preeti Sharma, Compliance Officer. The Company Secretary will be appointed in due course of time pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder.
E-mail: info@shivamautotech.com; **Website**: www.shivamautotech.com
Corporate Identity Number: L34300HR2005PLC081531

PROMOTER OF OUR COMPANY: DAYANAND MUNJAL INVESTMENTS PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SHIVAM AUTOTECH LIMITED ONLY

None of our Company, its Promoter and/or its Directors have been declared as a Wilful Defaulter as on the date of this Draft Letter of Offer

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ 4,000 LAKHS ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS, ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 82 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the *Risk Factors* carefully before taking an investment decision in the Issue. For making an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of the investors is invited to the section "*Risk Factors*" on page 16 of this Draft Letter of Offer.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Existing Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is [●].

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED
1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India.
Tel: +91 22 6263 8200,
E-mail: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Investor Grievance e-mail: investor@bigshareonline.com
Contact Person: Mr Ashish Bhope
SEBI Registration Number: NR000001385

ISSUE SCHEDULE

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

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

 # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive. References to any legislation, Act, regulation, rules, guidelines or policies shall be to such legislation, Act, regulation, rules, guidelines or policies 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 Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Tax Benefits", "Industry Overview", "Business Overview" and "Financial Information" beginning on pages 46 , 48, 52 and 62, respectively, shall have the meaning given to such terms in such sections.

Company Related Terms

Terms	Definitions
Annual Audited Financial Statements	The audited financial statements of our Company, prepared in line with Ind AS notified under the Companies Act, 2013, as amended, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
Articles of Association / Articles / AoA	The articles of association of our Company, as amended from time to time.
Board of Directors / Board	Board of directors of our Company or a duly constituted committee thereof, as the context may require otherwise.
Chairman	The Chairman of the Board of Directors of the Company, Mr. Bhagwan Dass Narang.
DGM-Finance	Mr. Krishan Gopal Gupta, the Deputy General Manager-Finance in our Company.
Company / our Company / the Company / the Issuer	Shivam Autotech Limited, incorporated as a public limited under the provisions of the Companies Act, 1956 and having its Registered Office situated at 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Gurgaon, Haryana-122102, India.
Company Secretary / CS	Ms. Preeti Sharma, Compliance Officer. The Company Secretary will be appointed in due course of time pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder.
Director(s)	Any or all the directors on our Board, as may be appointed from time to time.
Equity Shareholder	A holder of Equity Shares.
Equity Shares	The equity shares of our Company each having a face value of ₹ 2 each, unless otherwise specified.
Financial Statements	Annual Audited Financial Statements of our Company for the financial year ended March 31, 2021 and Unaudited Limited Review Financial Statements of our Company for the quarter ended June 30, 2021. For details, see "*Financial Statements*" beginning on page 62.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Internal Auditors	JHS & Associates, LLP, Chartered Accountants.
Key Managerial Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in "Our Management –Key Managerial Personnel" on page 58.
Managing Director	The Managing Director of our Company, Mr. Neeraj Munjal.
Memorandum of Association / Memorandum	The memorandum of association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board.
Non-Executive Director	Non-executive directors of our Company, unless otherwise specified.
Non-Executive and Independent Director	Non-executive and independent directors of our Company, unless otherwise specified.

Promoter	The Promoter of our Company, namely Dayanand Munjal Investments Private Limited.
Promoter and Promoter Group	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations.
Promoter Group"	Unless the context requires otherwise, the entities forming part of our promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time.
Registered Office	The registered office of our Company located at 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Gurgaon, Haryana-122102, India.
Registrar of Companies or RoC	Registrar of Companies – NCT of Delhi & Haryana having its office at A) 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019.
Rights Issue Committee	The committee of our Board constituted through the resolution dated January 18, 2020, for purpose of this issue and incidental matters thereof, consisting of Mr Neeraj Munjal and Mr. Bhagwan Dass Narang.
Statutory Auditors	M/s. NSBP & Co., Chartered Accountants, the Statutory Auditor of our Company.
Shareholders	The equity shareholders of our Company, from time to time, unless otherwise specified in the context thereof.
Unaudited Limited Review Financial Statements	The limited review unaudited financial results of our Company for nine months' period ended December 31, 2020, including the notes thereto and the report thereon.
"We", "Our", or "Us"	Shivam Autotech Limited, unless otherwise specified or unless the context otherwise requires.

Issue Related Terms

Term	Description
Abridged Letter of Offer / ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot / Allotment / Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Advice	The note or advice or intimation of Allotment sent to the Investors, who have been or are to be allotted the Rights Equity Shares after the Basis of Allotment has been approved by the relevant Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor.
Application	Application made through (i) submission of the Common Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price in case of Eligible Equity Shareholders and Renouncees.
Application Form/ Common Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application at R-WAP facility or though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by	Application (whether physical or electronic) used by an ASBA Investor to make an

Blocked Amount / ASBA	application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and specified in the Common Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Common Application Form or the plain paper Application.
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in "Terms of the Issue" on page 82.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.
Demographic Details	Particulars of address and bank account details of the Eligible Equity Shareholders and the Renouncees.
Designated Branches	Such branches of the SCSBs which shall collect the Common Application Form or the plain paper Application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.
Designated Stock Exchange	[●] .
Draft Letter of Offer/DLOF	The Draft Letter of Offer dated October 06, 2021 filed with Stock Exchanges and which did not have complete terms of the number of Rights Equity Shares proposed to be offered in the Issue in accordance with the SEBI ICDR Regulations
Eligible Equity Shareholders	Holder(s) of the Equity Shares as on the Record Date.
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
Escrow Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Accounts will be opened, in this being [●].
Issue/Rights Issue	Issue of up to [●] Equity Shares of face value of ₹ 2 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹ 4,000 lakhs* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date. **Assuming full subscription with respect to Rights Equity Shares.*
Issue Closing Date	[●].
Issue Opening Date	[●].
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	` [●] (including premium of [●]) per Rights Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ 4,000 lakhs.
Letter of Offer/LOF	The final letter of offer dated [●] to be filed with the Designated Stock Exchange and with SEBI for purposes of record keeping.
Listing Agreement	Uniform listing agreement entered into under the SEBI Listing Regulations and the erstwhile equity listing agreement entered into between our Company and the Stock Exchange, as the context may require.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the section titled "Objects of the Issue" beginning on page 41 of this DLOF.
Net Worth	Net worth as defined under Section 2(57) of the Companies Act, 2013.

Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circular and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
R-WAP	Registrar's web based application platform accessible at https:/ www.masserv.com, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021 for accessing/ submitting online Application Forms by resident Investors.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity [●].
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being [●].
Refund through electronic transfer of funds	Refund through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable.
Registrar to the Issue / Registrar	Bigshare Services Private Limited.
Registrar Agreement	Agreement dated June 9, 2021 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation.
Renunciation Period	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall end on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlement/RE	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date, in this case being [●].
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and link for the same will be available on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SCSB(s)	Self-certified syndicate banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii)in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40or such other website as updated from time to time.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.

Transfer Date	The date on which the amount held in the Escrow Account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financialinstitution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day(s)	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Gurugram are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai and Gurugram are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchange. "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Business and Industry related Terms or Abbreviations

Term /Abbreviation	Description / Full Form
ABS	Anti lock Braking System.
CBS	Combined Braking System.
IMF	International Monetary Fund.
AEs	United Arab Emirates.
EMDEs	Emerging Market and Developing Economies.
RBI	Reserve bank of India.
FDI	Foreign Direct Investment.
FPI	Foreign portfolio investment.
FII	Foreign institutional investors.
NIFTY	National Stock Exchange Fifty.
Sensex	Stock Exchange Sensitive Index.
GDP	Gross Domestic Product.
CAGR	Compound annual growth rate.
OEMs	original equipment manufacturers.
US	United States.
ACMA	Automobile Component Manufacturers Association.
DPIIT	Department for Promotion of Industry and Internal Trade.
EVs	electric vehicles.
JBIC	Japan Bank for International Cooperation.
SBI	State Bank of India.
MoU	memorandum of understanding.
ATG	Alliance Tire Group.
NEIL	National Engineering Industries Limited.
JV	joint venture.
FAME	Faster Adoption and Manufacturing of (Strong) Hybrid and Electric Vehicles in India.
R&D	research and development.
NATRiP	National Automotive Testing and R&D Infrastructure Project.
ICAT	International Centre for Automotive Technology.
ARAI	Automotive Research Association of India.
AMP	Automotive Mission Plan.
PLI	Production Linked Incentive Scheme.
IBEF	India Brand Equity Foundation.

Conventional and General Terms or Abbreviations

Term /Abbreviation	Description / Full Form
₹ / Rs. / Rupees / INR	Indian Rupee.
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
AS / Accounting Standards	The Accounting standards issued by the ICAI.
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011., SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020 and SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020
BSE	BSE Limited.
CARE	Credit Analysis & Research Limited.
CDSL	Central Depository Services (India) Limited.
Central Government	Central Government of India.
CCI	Competition Commission of India.
CIN	Corporate identity number.
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder.
Competition Act	Competition Act, 2002.
Cr. PC	Code of Criminal Procedure, 1973.
CSR	Corporate Social Responsibility.
Depositories Act	Depositories Act, 1996.
Depository Participant /DP	A depository participant as defined under the Depositories Act.
DMIPL	Dayanand Munjal Investments Private Limited
DIN	Director identification number.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary general meeting.
EPS	Earnings per Share.
FCNR Account	Foreign Currency Non-Resident account.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
Financial Year / FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated.
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
FVCIs	Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations, 2000.
GDP	Gross Domestic Product.
GIR	General Index Registrar.
Government / GoI	Central Government and/or the State Government, as applicable.
GST	Goods and Services Tax.
HUF	Hindu Undivided Family.
India	Republic of India.
Ind AS	Indian accounting standards as notified by the MCA vide Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015.
ISIN	International Securities Identification Number allotted by the Depository.
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015.

LLP	Limited Liability Partnership.
MAT	Minimum Alternate Tax.
MCA	Ministry of Corporate Affairs.
MICR	Magnetic Ink Character Recognition.
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
MoU	Memorandum of Understanding.
N.A. / N/A	Not applicable.
NAV	Net Asset Value.
NCLT	National Company Law Tribunal.
NCLAT	National Company Law Appellate Tribunal.
N.C.T.	National Capital Territory.
NEFT	National Electronic Fund Transfer.
Non-Resident/NR	Persons resident outside India, as defined in FEMA.
NRE Account	Non-Resident External Account.
NRI	An individual resident outside India, who is a citizen of India
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
PAN	Permanent Account Number.
RBI	Reserve Bank of India.
Registered Foreign Portfolio Investors / Foreign Portfolio Investors	Foreign portfolio investors as defined under the SEBI FPI Regulations.
Regulation S	Regulation S under the US Securities Act.
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Rights Issue Circular	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
SEBI Takeover Regulations/SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
State Government	Government of a State of India.
STT	Security Transaction Tax.
TAN	Tax Deduction Account Number.
Trade Marks Act	Trade Marks Act, 1999.
U.S. / USA / United States	United States of America, including the territories or possessions thereof.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms and the issue of Rights Equity Shares, to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or Common Application Form may come are required to inform themselves about and observe such restrictions. We are making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and Common Application Forms to such shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and Common Application Forms, shall not be sent the Letter of Offer / Abridged Letter of Offer and Common Application Forms. Kindly note that the Letter of Offer/Abridged Letter of Offer and Common Application Forms shall only be dispatched by way of electronic means to those Eligible Equity Shareholders who have provided their email addresses and their Indian address. Further, the Letter of Offer/Abridged Letter of Offer and Common Application Forms shall be dispatched by way of registered post or speed post or by courier service to those Eligible Equity Shareholders who have not provided their email addresses but have provided their Indian address. The Letter of Offer/Abridged Letter of Offer and Common Application Forms shall not be dispatched to Eligible Equity Shareholders who have not provided their Indian addresses. For further details, please refer to the chapter titled "Terms of Issue" on page 82.

No action has been or will be taken to permit this Issue in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with the Stock Exchanges for their observations. Accordingly, this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction outside India and the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms or any offering materials or advertisements in connection with the Issue will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms or any offering materials or advertisements in connection with the Issue must be treated as sent for information only and should not be copied, redistributed or acted upon. Accordingly, persons receiving a copy of this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations. If this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms. Envelopes containing a Common Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address. Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized and permitted to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

Neither the delivery of this DLOF, the Letter of Offer, Abridged Letter of Offer and Common Application Forms nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this DLOF or the Letter of Offer or date of such information.

The contents of this DLOF, Letter of Offer and Abridged Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation

S under the Securities Act ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer are being offered in India, but not in the United States. The offering to which this DLOF, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this DLOF, the Letter of Offer, the Abridged Letter of Offer and the Common Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing Common Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

Our Company reserves the right to treat as invalid any Common Application Form which: (i) does not include the certification set out in the Common Application Form headed "Overseas Shareholders" to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States, such person not being a "U.S. Person" as defined in Regulation S under the Securities Act and is complying with laws of jurisdictions applicable to such person in connection with the Issue, among others; and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Common Application Form is incomplete or acceptance of such Common Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Common Application Form.

The Rights Entitlements and the Rights Equity Shares offered in the Issue have not been approved, disapproved or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

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

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this DLOF to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable. Unless otherwise specified, all references in this Draft Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise, financial information and data in this Draft Letter of Offer, with respect to our Company, is derived from our Annual Audited Financial Statements for the Fiscal ended on March 31, 2021. For further details, please see the chapter titled *"Financial Statements"* beginning on page 62 of this Draft Letter of Offer. We publish our financial statements in Indian Rupees.

Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular "Financial Year" or "Fiscal Year" or "Fiscal" are to the 12 (twelve) month period ended March 31 of that year.

Our Annual Audited Financial Statements as of and for FY ended March 31, 2021 and Unaudited Limited Review Financial Statements for the quarter ended June 30, 2021 have been prepared by our Company in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. For further details of such Financial Statements, please see the chapter titled "*Financial Statements*" beginning on page 62 of this Draft Letter of Offer.

All numerical values as set out in this Draft Letter of Offer for the sake of consistency and convenience have been rounded off to two decimal places. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Our historical audited financial statements were prepared in accordance with the Companies Act and Indian GAAP.

Given that IND AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with IND AS relating to any period subsequent to April 1, 2017, may not be comparable to our historical financial statements prepared under Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. 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.

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

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India.
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.
- 'EURO' and '€' are to Euro, the legal currency of the Euro zone.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in Lakh.

Exchange Rate

The following tables provide information with respect to the exchange rate for the Indian rupee per unit of a foreign currency. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into such foreign currency at any particular rate, the rates stated below, or at all.

(`Per unit of Foreign Currency)

Sr. No.	Name of Currency	As on June 30, 2021[(1)]	As on March 31, 2021[(1)]	As on March 31, 2020[(1)]	As on March 31, 2019[(1)]
1	1 U.S. Dollar	74.3456	73.5047	75.3859	69.1713

Source: www.rbi.org.in and *www.fbil.org.in*

(1) Represents the reference rate released by the Reserve Bank of India on closing of the last Working Day of the period.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward looking statements.' Our Company has included statements in this Draft Letter of Offer which contain words or phrases such as 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'future', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'will continue', 'would', or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

Forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Impact of the COVID-19 pandemic on our business and operations;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs and impact on the financial results;
- Inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in technology;
- Changes in laws and regulations relating to the industry in which we operate;
- Our ability to attract and retain qualified personnel;
- General economic and business conditions in the markets in which we operate;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the auto-parts manufacturing industry in India and globally;
- The performance of the financial markets in India and globally;
- Loss or shutdown of operations at our manufacturing facilities;
- Any cyclic change in the demand and supply of direct or indirect raw material supplies;
- Inability to accurately forecast demand or price for our product and manage our inventory;
- Loss of one or more of our customers or a reduction in their demand for our products;
- Our insurance coverage could prove inadequate to cover our losses;
- Volatility in interest rate and other market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "*Risk Factors*" beginning on page 16 of this Draft Letter of Offer. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure Investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI / Stock Exchange requirements, our Company will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including the sections, "*Objects of the Issue"*, *"Outstanding Litigation and Defaults"*, "*Risk Factors*" and "*Business Overview*" on pages 41, 73, 16, 52 respectively.

We are one of the largest manufacturers of transmission gears and shafts in India. The Company has been serving a large number of automobile manufacturers as their strategic and supply chain partners for the past 20 years. Since inception, the Company has undergone a multi-phased development and evolution journey.

With experience and expertise par excellence, the company values its customers by delivering value for money both in the national and international auto component markets. We have profound experience of two decades. The Company manufactures a comprehensive range of auto components and accessories that primarily include transmission gears, transmission shafts, alternator components, starter motor components, magneto components, steering components and various precision engineering components.

Business of the Company

The Company is a manufacturer of transmission gears and shafts in India, serving leading automobile manufacturers as their strategic and supply chain partner. From manufacturing gears for motorcycles since its incorporation to developing critical components for aerospace, the Company has come a long way and diversified into multiple verticals and initiated exports as well.

For further details, please refer to the chapter titled "Business Overview" at page 52 of this Draft Letter of Offer.

Objects of the Issue

The issue proceeds are to be utilized for financing the following objects:

Sr. No.	Particulars	Estimated amount (Rs. in lakhs)
1.	Augmenting working capital requirements of our Company	[●]
2.	**Adjustment of unsecured loan given by the promoters against the entitlement to this Rights Issue	3,000.00
3.	General corporate purposes	[●]*
4.	Issue related expenses	[●]*
	Gross Proceeds from the Issue	[●]*

** To be determined on finalization of the Issue Price and updated at the time of filling of Letter of Offer with the Stock Exchanges.*

*** Pursuant to the Loan Agreement dated June 11, 2020, our Promoter, has advanced a sum of ₹ 3,000 lakhs as unsecured loan at 10.5% interest per annum to our Company. The aforesaid loan has been utilised for working capital requirements and general corporate purposes as certified by C. Abhishek and Associates, Chartered Accountants vide certificate dated September 21, 2021. Our Promoter has vide letter dated August 17, 2020 requested our Company to adjust its entire unsecured loan against the subscription amount required to be paid by it for subscribing to Rights Equity Shares arising out of its rights entitlement in this Issue.*

For further details, please see chapter titled "Objects of the Issue" beginning on page 41 of this Draft Letter of Offer.

Intention and extent of participation by promoter/promoter group

Our Promoter under its letter dated January 14, 2021 has undertaken that it intends to subscribe to the full extent of its Rights Entitlement in the Issue and does not intend to renounce such rights. The allotment of Rights Equity Shares of the Company subscribed by the Promoter in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) of the SAST Regulations. Further, our Promoter and Promoter Group may apply for, and subscribe to, additional Rights Equity Shares.

In the event, the other shareholders of the Company do not subscribe to the Rights Issue to the extent of their full rights entitlement, the same may result in an increase in the percentage shareholding of the Promoter above its current percentage shareholding and may result in the minimum public shareholding of the Company falling below 25% of the issued, subscribed and paid-up capital of the Company in terms of (i) Rule 19A of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time ("**SCRA**"); and (ii) Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**").

Further, in terms of Rule 19A(2) of the SCRA, if the public shareholding in the Company falls below 25% of the issued, subscribed and paid-up capital of the Company at any time, then the Company is required to bring the public shareholding to 25% of the issued, subscribed and paid-up capital of the Company within a maximum period of 12 (twelve) months from the date of such fall in the manner specified by the Securities and Exchange Board of India. In this regard, the Company confirms that in the event of the minimum public shareholding of the Company falling below 25% of the issued, subscribed and paid-up capital of the Company as aforesaid, then the Company will, at the prescribed time, take steps to achieve compliance of the minimum public shareholding required to be maintained by the Company under Rule 19A(2) of the SCRA and under Regulation 38 of the SEBI Listing Regulations in accordance with the SEBI Circular dated November 30, 2015 bearing no. CIR/CFD/CMD/14/2015, as amended and the SEBI Circular dated February 22, 2018 bearing no. SEBI/HO/CFD/CMD/CIR/P/43/2018 and other applicable laws, as required from time to time.

Outstanding Litigations

For details, please refer to chapter titled '*Outstanding Litigations and Defaults*' on page 73 of this Draft Letter of Offer.

Risk Factors

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

Contingent Liabilities

For details of our contingent liabilities for the Fiscal 2021, please refer to the Financial Statements included in the section titled "Financial Statements" beginning on page 62 of this Draft Letter of Offer.

Related Party Transactions

For details of the Related Party Transactions, as reported in the Financial Statements, see "*Financial Statements*" on page 62 of this Draft Letter of Offer.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the last one (1) year immediately preceding the date of filing this Letter of Offer.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cash flows and financial condition.

If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, the Equity Shares could decline and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the section "Financial Statements" on page 62. You should also consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. See "Forward-Looking Statements" on page 12.

Unless otherwise stated or unless the context otherwise requires, all financial information of our Company used in this section has been derived from the Audited Financial Statements and the Unaudited Limited Reviewed Financial Statements. Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section.

The following factors have been considered for determining the materiality of Risk Factors:

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under IND AS, in this Draft Letter of Offer. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled "Definitions and Abbreviations" beginning on page 1 of this Draft Letter of Offer. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

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

Internal Risk Factors

1. ***The COVID-19 pandemic and resulting deterioration of general economic conditions has adversely impacted our business and results of operations and the extent to which it will continue to do so will depend on future developments, which are difficult to predict.***

   The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses, including the forging industry in which our Company operates and from where it derives substantial revenues and profits. The COVID-19 pandemic could continue to have an impact that may worsen for an unknown period of time. In view of the onslaught of another wave of the virus, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

   The COVID-19 pandemic and government actions to contain it have weighed heavily on global and national economic conditions, have significantly increased economic uncertainty, and have reduced economic activity.

The extent of the resulting impact on our business and results of operations will depend, among other things, on the duration and severity of the pandemic, the nature and scope of government actions to contain it, and the potential impact on global and national economic conditions, including inflation, interest rates, availability of capital markets, consumer spending rates, energy availability and costs (including fuel surcharges). Governments around the world have taken steps to mitigate some of the more severe anticipated economic effects, but there can be no assurance that such steps will be effective or achieve their desired results in a timely fashion.

The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For example, we experienced operational disruptions and financial losses as a result of the following:

- a temporary shutdown of all of our manufacturing facilities commencing from March 23, 2020 for a period of approximately two months, due to government restrictions or illness in connection with COVID-19;
- a decrease in demand for our components as a result of COVID-19 on account of government restrictions imposed;
- supply chain disruptions for us particularly components imported from outside India as well as from local suppliers due to a shortage of working capital;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home order;
- our strategic projects becoming delayed or postponed;
- our inability to collect full or partial payments from customers owing to their liquidity constraints and our inability to make payments to suppliers due to delay in collections and other liquidity issues.

Accordingly, our results of operations were negatively impacted during the yearended March 31, 2021. Our revenue from operations for the year March 31, 2021 was ₹ 48, 741.15 lakhs compared with ₹ 58,783.25 lakhs for the year ended March 31, 2020. In addition, the spread of COVID-19 has caused us to modify our business practices and implement significant proactive measures to protect the health and safety of our employees, and we may take further actions as may be required by government authorities or as we determine appropriate under the circumstances. There is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic.

In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions. However, any material effect on these parties could adversely impact us. Adverse consequences of, and conditions resulting from, the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided. The RBI estimates real GDP growth in FY2021 to remain in negative territory (*Source: RBI Governor Statement dated August 6, 2020*). It is possible that COVID-19 will lead to a prolonged global economic crisis or recession. Any of these consequences may result in loss of business and/or claims for compensation from our clients, which may have an adverse effect on our results of operations and financial condition.

Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

2. In past, our Company had delayed in the repayment of its debt obligations. Any failure of our Company to comply with its debt obligations in future may adversely affect our ability to conduct our business and operations or implement our business plans and also to secure further credit.

In order to overcome stress owing to COVID 19 situation, the Company had proposed debt resolution under the RBI notification on the one-time Resolution Framework for COVID-19-related Stress dated August 6, 2020 read together with the RBI notification on Resolution Framework for COVID-19-related Stress – Financial Parameters dated September 7, 2020 to lenders ("**OTR**"). For the same, the Company had called for a meeting of all lenders on September 17, 2020 to discuss the way forward through OTR and subsequently a formal request for invocation of OTR framework was shared the lenders on September 27, 2020. During the meeting held in September, along with the request for invocation of OTR, Company had also requested its lenders for deferment of the payment of interest / instalment on all credit facilities from September 1, 2020 till the OTR invoked and allowing holding on operations without any deductions from the collections till the implementation of the resolution plan. Further, the credit ratings agencies had also adopted a revised approach

in case of entities witnessing stress due to the pandemic in as much as if any entity has applied for resolution under OTR framework before due date of repayment, the overdue of such payment would not be considered as a default, if the application is accepted by the lenders or was pending with the lenders (period between application and implementation). Considering the same, no payment towards repayment of term loan or servicing of its interest was made by the Company between the date of the lenders' meeting and the date of invocation of the OTR scheme However, the lenders did not consider the date of lenders meeting and date of invocation of the OTR scheme and the Company was expected to make the necessary repayment towards its term loans during this period. According to the lenders, the date of invocation of scheme was the date on which Company had submitted an OTR plan with the lenders which was in October 2020. As the payments due in September were not cleared by the Company, the credit rating agency had considered it as an event of default.

Thereafter, owing to stress on account of COVID-19, the Indian government announced the Emergency Credit Line Guarantee Scheme ("ECLGS") under the third tranche of the "Atmanirbhar Bharat Package" on November 12, 2020, which allowed 100% guaranteed collateral free pre-approved sanction limit of up to 20% of outstanding as on February 29, 2020. Considering the revival in the industry and Company witnessing a turnaround, Company in discussions with its lenders decided to withdraw its OTR proposal and opt for the ECLGS facility in December 2020. Post submission of its request for withdrawing from OTR scheme, Company had cleared its outstanding with all the lenders. Further, the Company has overdues as on March 31, 2021.

Any future failure to comply with any condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facility, which may adversely affect our ability to conduct our business and operations or implement our business plans and secure further credit.

3. We have incurred losses in the recent past. Continuous financial losses incurred by us may be perceived adversely by external parties such as clients and bankers, which could affect our reputation, business, financial condition and results of operation.

Our Company has incurred losses in the previous financial years. Sustained financial losses by our Company may not be perceived positively by external parties such as customers, bankers, suppliers etc., which may affect our credibility and business operations. Our financial information derived from our audited financial statements is as follows:

(Rs. In lakhs)

Particulars	Financial Year		
	2021	2020	2019
Equity Capital	2,000.00	2,000.00	2,000.00
Reserves and Surplus	9,302.14	11,516.73	15,267.71
Sales and Other Income	49,092.82	58,887.69	63,695.15
Profit/(loss) after tax	(2,252.56)	(3,713.47)	(1,821.45)
Basic and Diluted Earnings/(Loss) per Share	(2.25)	(3.71)	(1.82)

4. We have certain contingent liabilities that have not been provided for in our Company's financials which if materialised, could adversely affect our financial condition.

For Fiscal 2020, the Company has identified certain trade receivables aggregating to `868.01 lakhs, whose recovery is not as per the payment terms. Based on the management estimate and provisioning norms of the company, the Company has made provision of ` 623.64lakhs. For the quarter ended June 30, 2021, the Company has identified certain trade receivables aggregating to ` 9,683 lakhs, whose recovery is not as per the payment terms. Based on the management estimate and provisioning norms of the Company, the Company has made no provision for the quarter ended June 30, 2021. To take the remedial step, the Company has initiated the legal action against some of the customers for recovery of dues. In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected.

5. We focus primarily on the automobile and auto-components industry.

Our business is focused primarily on the automobile and auto components industry and therefore, our business is dependent upon continued demand for our products in the automobile industry. The automobile industry is cyclical in nature. Our business is further linked mainly with the two-wheeler segment of the automobile

Industry. The auto-component industry is sensitive to changes in economic conditions and unforeseen events, including political instability, recession, inflation or other adverse occurrences. Any event that results in decreased demand in automobile industry, or increased pressure on automobile manufacturers to develop, implement and maintain in-house auto-component facilities, could have an adverse effect on our business, financial condition and results of operations.

6. ***Our Company has negative cash flows from its investing activities as well as financing activities in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Our Company had negative cash flows from our investing activities as well as financing activities in the previous year(s) as per the Financial Statements and the same are summarized as under:

(` in lakhs)

Particulars	Financial Year ended March 31, 2021
Cash Flow from / (used in) Operating Activities	7,164.74
Cash Flow from / (used in) Investing Activities	(1,837.58)
Cash Flow from / (used in) Financing Activities	(321.38)

Cash flow of the Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

7. ***We have certain contingent liabilities that have not been provided for in our Company's financials which if materialized, could adversely affect our financial condition.***

As at March 31, 2021, contingent liabilities disclosed in the notes to our audited financial statements aggregated ₹487 lakhs. Set forth below are our contingent liabilities that had not been provided for as at March 31, 2021.

Nature of contingent liability	Amount (₹ in lakhs)
PF liability where the cases are pending at various stages of appeal	70.00
Bank Guarantees	14.16
Sales tax demands financial Year 2014-15	247.01
Sales tax demands for financial Year 2015-16 (including interest)	30.71
Sales tax demands for 1financial Year 2016-17	107.19
Traces demands	17.39

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled "Financial Statements" on page 62 of this Draft Letter of Offer.

8. ***Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.***

Our business is working capital intensive. A significant portion of our working capital is utilized towards inventories, trade receivables and other financial assets such as subsidy receivable. For further details, see the section entitled "Financial Statements" on page 62 of this Draft Letter of Offer.

We intend to continue growing by expanding our business operations. This may result in increase in the quantum of current assets particularly inventories and trade receivables. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital could adversely affect our financial condition and result of our operations. For further details regarding our working capital requirements, please refer to the chapter titled "Objects of the Issue" beginning on page 41 of this Draft Letter of Offer.

9. Downgrade in credit ratings would increase our future borrowing costs and constrain our access to capital and lending markets and as a result, would negatively affect our business.

The cost and availability of capital, amongst other factors, is also dependent on our credit ratings. In May 2020, there have been a downgrade in our credit rating by CARE, details of which are as below:

Rating Agency	Particulars of downgrade	Particulars of debt
CARE	CARE D (Single D)	Long term Bank facilities
CARE	CARE D (Single D)	Short term Bank facilities

Such downgrading of our credit ratings has occurred on account of:

i. Due to disruption in the operations owing to the outbreak of Covid-19 pandemic, liquidity profile of the company weakened resulting in delays in debt servicing;
ii. The liquidity position is delicately poised due to high working capital utilization;
iii. Working capital intensive nature of operations and cyclical nature of auto sector.

We cannot assure you that our credit rating will improve in the future or not deteriorate further. If our Company is unable to improve its credit rating or if there is further downgrading of our credit ratings, it may accelerate repayment terms of our present borrowings and may also adversely affect our ability to avail future borrowings at commercially favourable terms or at all, which may adversely affect our operations, cash flows and financial performance. Further, any downgrading of our credit rating may adversely affect the price of our Equity Shares.

10. Our Statutory Auditors have included certain qualifications in the Auditors' reports for the financial year ended March 31, 2021 and emphasis of matters in the Unaudited Limited Review Financial Statements for the quarter ended June 30, 2021.

Our Statutory auditors have included certain qualifications in the Annual Audited Financial Statements and the emphasis of matters in the Unaudited Limited Review Financial Statements for the nine months period ended June 30, 2021. In respect of Fiscal 2021, the Auditors have observed that: (i) The Company's internal control system in respect of supervisory and review controls over process of booking of material consumption, booking of proper inventory and accounting of returnable gate pass, reconciliation of old stock lying with third party and allocation of fixed and variable overheads on product costing on periodical basis were not operating effectively during the current financial year to arrive at the correct value of stock including physical number, which could potentially result in material misstatement of cost of goods sold and inventories as on March 31, 2021. Based on physical verification of Inventories, consumption and reconciliation of closing stock as done by the Management subsequently, necessary remedial measures have been taken to arrive at the correct value of inventories as on March 31, 2021 and also to arrive at cost of goods sold for the year then ended. (ii) The Company's internal control weakness has been observed in respect of approval of expenses/ reimbursement of expenses and payment to the vendors/employees were not operating effectively and due to deficiency in the control, the company has made some excess payment to vendors/employees of the company however as confirmed by management these payments were subsequently been approved by the management of the company. (iii) Due to issues and bugs in software the system is not able to calculate the depreciation correctly. All variations in depreciation on account of these issues are updated in the system manually on the basis of manual depreciation calculation. The management is in continuous discussions with the software provider to fix this anomaly in the system so that correct output can be obtained directly from the system.

In respect of the quarter ended June 30, 2021, the Auditors have observed that (i) The Company has unabsorbed business depreciation and MAT credit which according to the management will be used to set off taxable profit arising in subsequent years from operation. However, As a matter of prudence, Deferred Tax Assets have been restricted to Rs.3,669.31 Lakhs created till March 31, 2021 and no deferred tax has been created during the quarter ended June 30, 2021; (ii) Due to non-updation of Bill of material (BOM) and expansion of the customer base, quantitative variance were observed between physical and book records. (iii) Variance as observed has been considered as consumption of material for the preparation of the quarterly results.; We cannot assure you that our audit reports for future Fiscal periods will not contain certain adverse remarks, matters of emphasis, qualifications, or other observations which affects our results of operations in such future periods.

11. A select group of our customers contribute significantly to our revenues and failure to retain one or more of them will have an adverse effect on our financial performance and results of operations.

During Fiscal 2021, our top 10 customers contributed 88.40% of our total revenue from operations. Hero MotoCorp Limited is one of the largest customers of the Company contributing to 61.01% of our total revenue in Fiscal 2021. Any adverse effect on business of Hero MotoCorp Limited may lead to a decrease in the orders placed by them with us thereby adversely affect affecting our revenues. However, the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business. Our revenues may be adversely affected if there is an adverse change in any of our customer's supply chain strategies or a reduction in their outsourcing of logistics, storage operations, or if our customers decide to choose our competitors over us or if there is a significant reduction in the volume of our business with such clients.

We enter into contracts with our customers, which are generally subject to periodic renewals and related negotiations. Our reliance on a select group of customers may also constrain our ability to negotiate these agreements in a manner favourable to us. Our business from our customers is dependent on our continuing relationship with such customers, the quality of our services, competitive pricing and our ability to timely deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. 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. Significant dependence on a select group of customers may increase the potential volatility of our results of operations and exposure to individual contract risks. Further any delay or default in payment by these customers may adversely affect our business, financial condition and results of operations.

A loss of any of our significant customers, a decrease in the volume of work our customers outsource to us or a decline in our prices may materially and adversely affect our business, operations, financial condition, results of operations and prospects.

12. We require certain approvals or licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.

We require certain statutory and regulatory permits, licenses and approvals to carry out our business operations and applications for their renewal need to be made within certain timeframes. Further, we may also be required to obtain new licenses, registrations and approvals for any proposed operations, including any expansion of existing operations. There can be no assurance that the relevant authorities will renew such licenses, registrations and approvals in a timely manner or at all. For some of the approvals which may have expired, we may have either made or are in the process of making an application for obtaining the approval or its renewal. We have also made applications for obtaining certain fresh approvals. We cannot assure you that we will receive these approvals and registrations in a timely manner or at all. We cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Further, if we are unable to renew or obtain necessary permits, licenses and approvals on acceptable terms, in a timely manner or at all, our business, financial conditions and operations may be adversely affected. For further details on the pending licenses for which applications have been made, please see the chapter titled "Government and Other Statutory Approvals" beginning on page 74 of this Draft Letter of Offer.

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

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and forums. There can be no assurance that these litigations will be decided in our favour and consequently it may divert the attention of our management and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, there could be an adverse effect on our reputation, business, financial condition and results of operations. For the details of the cases filed by and against our Company, please refer the chapter titled "Outstanding Litigations and Defaults" on page 73 of this Draft Letter of Offer.

14. The Promoter & Promoter Group are holding an aggregate of 74.80% of the Equity Shares of the Company, which is a significant control over the management and affairs, as a result of which, the remaining shareholders may not be able to affect the outcome of shareholder voting.

As on the date of this Draft Letter of Offer, the Promoter and Promoter Group hold an aggregate of 74.80% of the Equity Shares of the Company. As a result, the Promoter and Promoter Group, acting together, will influence the matters requiring shareholder approval, including the election of all or majority of Company's Directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of

substantially all of Company's assets. The Promoter and Promoter Group will therefore have the ability to exercise controlling influence over Company's business and management affairs and may cause to take actions that may conflict with the interests of some of its shareholders.

15. The automobile sector requires continuous up-gradation.

The automobile sector is characterized by continuous up-gradation in terms of technology, manufacturing process and design capability. Consequently, the Company has to meet with the aforesaid demands and invest continuously to upgrade technology, manufacturing process and designs and keep abreast with the latest innovations in the automobile industry. In case the Company is unable to keep pace with the growth rate of technology advancements or process change or design changes, it may be unable to meet customer expectations which would adversely affect the revenues of our Company.

16. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of products. If we overstock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

17. Our success depends largely upon the services of our Directors and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.

Our success is substantially dependent on the expertise and services of our Directors and our Key Managerial Personnel. They provide expertise, which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

18. A significant portion of our range of products is sold to OEMs and any failure to maintain the relationship with these OEMs or find competent replacements could affect the sales of our products.

Our Company currently caters to the OEMs in automobile segment, resulting into significant amount of our total sales. The OEM channel accounted for 61.20% of our total revenue in Financial Year 2020-21. Our business with OEMs is dependent on our continuing relationship with them, quality of our products and our ability to deliver their orders. We may be unable to maintain or renew relationships with our OEMs or we may not be able to obtain orders from our OEMs at the current levels. We may also be unsuccessful in competing for desired OEMs to promote and sell our products. If any of these relationships were to be so altered or terminated and we are unable to obtain sufficient orders on comparable terms, our business, financial condition, results of operations, cash flows and business prospects could be materially and adversely affected.

19. The loss, shutdown or slowdown of operations at any of the Company's manufacturing facilities could have a material adverse effect on the Company's results of operations and financial condition.

The Company's manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect the Company's operations by causing production facilities to shut down or slow down. In January, 2020, the Workmen Union of the Company's manufacturing facility at Binola, Gurugram had undertaken a strike, which had disrupted the production process for the period between January 13, 2020 to January 20, 2020. Subsequently, the Company entered into a settlement dated January 17, 2020 with the workers pursuant to which the manufacturing activity was resumed at the Binola plant. Although the Company takes reasonable precautions to minimize the risk of any significant operational problems at its manufacturing facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the Company's results of operations and financial condition.

Further, due to the outbreak of novel Coronavirus (COVID-19) followed by the lockdown declared by the Government authorities, the manufacturing operations at Binola, Manesar, Rohtak, Haridwar and Kolar facilities were temporarily suspended for a period of approximately two months in the year 2020.

20. Our Company has availed unsecured loans which may be recalled at any time.

Our Company has availed unsecured loans of Rs. 3,500 lakhs from our promoter, DMIPL and Rs. 360 lakhs from Munjal Showa Limited as on March 31, 2021. These unsecured loans are to be repaid to the lenders upon expiry of the tenor fixed. Some portion of the unsecured loans availed from our Promoter shall be adjusted towards subscription for its entitlement in the Rights Issue and also towards additional subscription, if any. In the event our Company is unable to repay these loans on time, the same may be recalled by the lenders immediately which may affect our business, liquidity condition and cash flows. For further details in relation to the unsecured loans, please refer the chapter "Financial Statements" beginning on page 62 of this Draft Letter of Offer.

21. We are subject to risks associated with product liability, warranty and recall.

We are subject to risks and costs associated with product liability, warranties and recalls, relating to defective products, parts, or related after-sales services, including by generating negative publicity, which may have a material adverse effect on our business, financial condition and results of operations. These events could also require us to expend considerable resources in correcting these problems and could significantly reduce demand for our products. We may also be subject to class actions or other large scale product liability or other lawsuits in various jurisdictions where we have a significant presence.

22. We could be adversely affected by employee misconduct or errors that are difficult to detect and any such incidences could adversely impact our financial condition, results of operations and reputation.

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

23. Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products' competitiveness and quality.

Our competitors may gain significant advantages if they are able to offer products satisfying customer needs earlier than we are able to which may materially and adversely impact our sales and profitability. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could also materially and adversely impact our financial condition and results of operations.

Customer preferences especially in many of the developed markets appear to be moving in favour of more fuel efficient and environmental friendly vehicles. Furthermore, in many countries there has been significant pressure on the automotive industry to reduce carbon dioxide emissions. In many markets these preferences are driven by increasingly stringent government regulations, rising fuel prices and customers' environmental considerations. Our business and operations may be significantly impacted if we experience delays in developing products that reflect changing customer preferences, especially in the premium automotive category. There can be no assurance that the market acceptance of our future products will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments and our revenues and profitability may increase materially.

24. We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our customers. Any failure on part of such service providers to meet their obligations could have a material adverse effect on our business, financial condition and results of operation.

Our products are transported through third party transportation providers to our OEMs. We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. Furthermore, for some of these parts and components, we are dependent on a single source of supply. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could severely disrupt our business and materially reduce our sales and net income.

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. In addition, 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 or finished goods may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

Natural disasters and man-made accidents, adverse economic conditions, decline in automobile demand, and lack of access to sufficient financing arrangements, among others, could have a negative financial impact on our suppliers and distributors in turn impairing timely availability of components to us or increasing the costs of such components. Similarly, impairments to the financial position of our distributors may adversely impact our performance in some markets. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would severely disrupt our supply chains and may further materially reduce our sales and net income.

25. Our Company has been cost competitive due to lower wage rates as compared to developed countries. However, increase in wage rates would put pressure on Company's operating margins.

Our Company's business is a low margin, volume driven business. It has been cost competitive due to lower wage rates as compared to developed countries. While we are normally able to meet the pricing requirements by passing on the same to the OEMs, it might not be possible for us to achieve the same at all times. Increase in wage rates would put pressure on our operating margins, which may have an adverse impact on its profit margins.

26. Any slowdown in the automobile Industry in India could significantly decrease the demand for our products.

The demand for our products is dependent, among other things, on the conditions of the global economy and in particular, the Indian economy. The demand for our products is significantly affected by the automobile industry. A decline in economic activity in India or in international markets may have an adverse effect on consumer and industrial demand for new vehicles. The OEM channel accounted for 61.20% of our total revenue in Financial Year 2020-21 and 57.79% of our total revenue for the quarter ended June 30, 2021. Sales of new vehicles in India are affected by the time of year, weather, interest rates, fuel prices and the overall economic environment. If industrial or consumer demand for new vehicles decreases, it would have a corresponding impact on the demand for our products and may materially and adversely affect our business, financial condition, results of operations, cash flows and business prospects.

27. Our Company's management will have flexibility in applying the proceeds of this Issue within the parameters as mentioned in the chapter titled 'Objects of this Issue' beginning on page 41 of this Draft Letter of Offer. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.

We intend to use Net Proceeds from Issue to meet the working capital requirements, adjustment of unsecured loans availed from our Promoter, and general corporate purposes. We intend to deploy the Net Proceeds from Issue in Financial year 2021-2022 and such deployment is based on certain assumptions and strategy which our Company believes it will implement in future. The funds raised from the Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc. For further details on the use of the Net Proceeds from Issue, please refer to the chapter titled "Objects of the Issue" beginning on page 41 of this Draft Letter of Offer.

The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled 'Objects of the Issue' beginning on page 41 of this Draft Letter of Offer, the management of our Company will have significant flexibility in applying the proceeds received by our Company from the Issue. Our Board of Directors will monitor the proceeds of the Issue.

28. No tangible assets will be created out of the Issue proceeds.

The issue proceeds shall be utilized towards augmenting working capital requirements of our Company and adjustment of unsecured loans availed from the Promoter of ` 3000 lacs against the Rights Entitlement of the Promoter. No tangible assets will be created out of the proceeds of the Issue. The Promoter intends to convert its unsecured loans into equity. The unsecured loans provided by the Promoter shall be adjusted towards subscription for its entitlement in the Rights Issue and also towards additional subscription, if any. Further, the cost of acquisition of these shares issued through the Rights Issue to the Promoter by way of such conversion of loan into equity may be lesser than the market price and these shares will not be subject to any lock-in.

29. Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.

We have obtained insurance coverage in respect of certain risks. Our significant insurance policies consist of, among others, Commercial General Liability, Group Health (Floater) Insurance, Group Personal Accident Policy, Marine Cargo Sales Turnover Policy, Standard Fire and Special Perils (Material Damage) Policy, Burglary Housebreaking Insurance Policy, Electronic Equipment Insurance Policy, Machinery Breakdown Insurance Policy, Business Package Insurance Policy and vehicle Insurance in respect of certain of our premises and vehicles. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits, losses due to terrorism, etc. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

30. Our business requires extensive research and development initiatives in designing the products and delay in validations by customers thereby impacting the schedules for manufacturing and realization of the profits out of the same. This affects the financial conditions and business operations of our company in long run.

Our industry is characterized by the changing technology and user preferences, evolving industry standards and the frequent introduction of new products and enhancements. Development of new products has become increasingly complex in today's fast-moving business environments. Our business process involves extensive research and development initiatives in designing the products to be used in the automotive industry. The Company has in-house research and development unit to carry out extensive research for development of better products. The Department of Scientific and Industrial Research Technology Bhavan, New Delhi, Ministry of Science and Technology, Government of India vide its letter dated January 1, 2020 has provided recognition to our in-house research and development unit. Further, our products are extensively validated at our customers' end. Owing to advancement in technology and/or changes in consumer preferences, we may be forced to reduce the price of our products, which we sell to our customers and therefore may have to resort to discounts and price reductions to continue to sell these products. Our competitors may succeed in developing products that are more cost effective than any of our products that we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial results. Because of the pace of technological advances, we may in addition to our existing products, also be required to introduce new products that offer our customers the latest competitive technologies while managing the production of our existing products on a timely basis. The success of any new product is dependent on factors including timely completion of new product design, acceptable production yields and market acceptance. If we cannot respond adequately to the increased competition we expect to face or delay in customer validations or delay in developing products, we will lose our market credibility and market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.

31. Intellectual property rights are important to our business and we may be unable to protect them from being infringed by others which may adversely affect our business value, financial condition and results of operations

As on the date of this Draft Letter of Offer, we have not yet obtained registration for our logo SHIVAM AUTOTECH LTD and hence, we do not enjoy the statutory protection accorded to a registered trademark. All our trademarks and patent are our material assets and are crucial to our business operations. As on the date of this Draft Letter of Offer, our Company has 1 (one) patent and applications for registration of 12 (twelve) patents are pending before the relevant authorities. However, there can be no assurance that our applications will succeed. If we are unable to obtain a registration, we may still continue to use the logo but remain vulnerable to infringement and passing-off by third parties and will not be able to enforce any rights against them. We may also be

required to change our logo which may adversely affect our reputation and business and could require us to incur additional costs. Although, we believe that that our present systems are adequate to protect our confidential information and intellectual property, there can be no assurance that our intellectual property data, trade secrets or proprietary technology will not be copied, infringed or obtained by third parties. Further, 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. This may lead to litigations and any such litigations could be time consuming and costly and their outcome cannot be guaranteed. Our Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property, which may adversely affect our business, financial condition and results of operations. For further details pertaining to our intellectual property, please refer to the chapter titled "Government and Other Statutory Approvals" beginning on page 74 of this Draft Letter of Offer.

32. Our Company is also dependent on contract labour at our manufacturing units. If we are unable to continue to hire skilled contract labour, the quality of our products being manufactured in our manufacturing facilities can get affected.

Our operations are significantly dependent on access to contract labour for our manufacturing units. The number of contract labourers employed by us varies from time to time based on the nature and extent of work we are involved in. Our dependence on such contract labour may result in significant risks for our operations, relating to the availability and skill of such contract labourers, as well as contingencies affecting availability of such contract labour during peak periods. There can be no assurance that we will have adequate access to skilled workmen at reasonable rates. As a result, we may be required to incur additional costs to ensure timely execution of order of our products in a timely manner in peak season.

Our Company appoints independent contractors who in turn engage on-site contract labourers for carrying out the manufacturing process. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition.

Also, on an application made by contract labourers, an Industrial court or Tribunal may direct that the contract labourers are required to be regularized or absorbed by our Company. Further, the State Government may prohibit employment of contract labour. If either of the above should occur, we may be required to induct such labourers on our payroll, as employees which may result in increased expenses. Further, even though we have obtained all necessary approvals as required under the statutes there can be no assurance that we may continue to hold such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and future results of operations.

33. Compliance with safety or emissions standards relating to our Company's products or its manufacturing facilities, or other environmental and governmental regulation, may adversely affect Company's business and results of operations.

We are subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by its production facilities. Furthermore, the risk remains that legislation may impose requirements in excess of what the current planned design actions can achieve. In order to comply with current and future safety and environmental norms, we may have to incur additional costs to: (i) operate and maintain our production facilities; (ii) install new emissions controls or reduction technologies and (iii) invest in research and development to upgrade products and manufacturing facilities. If we are unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, we could face significant civil penalties or be forced to restrict product offerings drastically. Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which our products are used, the costs for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, financial condition and results of operations.

34. We are exposed to operational risks, including risks in connection with our use of information technology.

Operational risk is the risk of loss resulting from inadequate or failed internal systems and processes, whether resulting from internal or external events. Such risks could stem from inadequacy or failures of controls within internal procedures, violations of internal policies by employees, disruptions or malfunctioning of information technology systems such as computer networks and telecommunication systems, other mechanical or

equipment failures, human error, natural disasters or malicious acts by third parties. Any unauthorized access to or misuse of data on our information technology systems, human errors or technological or process failures of any kind could severely disrupt our operations, including our manufacturing, design and engineering processes, and could have a material adverse effect on our financial condition and results of operations.

35. The deployment of funds raised through this Issue shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.

Since the proceeds from Issue are less than `1,000 Million, there is no mandatory requirement of appointing an Independent Monitoring Agency for overseeing the deployment of utilization of funds raised through this Issue. The deployment of these funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our financing agreements, we may not be permitted to declare any dividends, if there is a default under such financing agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders' investments may largely depend upon the appreciation of the price of our Equity Shares.

37. Our results of operations and cash flows could be impacted by changes in tariffs imposed by the GoI and/or foreign governments.

Our ability to competitively source and sell auto-components could be significantly impacted by changes in tariffs imposed by various governments, whether the GoI or any of the governments of the countries in which we sell our auto-components. India may impose tariffs on auto-components or the raw materials that we use to manufacture our auto-components, which may increase our cost of supplying auto-components to certain jurisdictions and the cost of our raw materials. In the event that we are unable to pass on any increased costs due to the imposition of tariffs on our products and/or raw materials by increasing the prices of our products, our profitability may be adversely affected and we could lose market share due to the opportunity for other competitors to establish or increase their presence in markets where we participate.

38. Two of our independent directors are also non-executive independent directors in a stock broking company on which regulatory action has been taken by SEBI and Stock Exchange.

Two of our non- executive independent directors, namely, Mr. Bhagwan Dass Narang and Ms. Jyothi Prasad are also non- executive independent directors of Karvy Stock Broking Limited, a stock broking company which has been prohibited from taking new clients in respect of its stock broking activities on account of misuse of client funds and securities and thereby has been expelled from the trading membership of NSE, vide SEBI confirmatory order dated November 20, 2020. Further, in terms of the applicable NSE circular, persons associated as directors with expelled/declared defaulter members of the NSE shall become ineligible to hold office as directors in any other entity which is a member of a Stock Exchange. Accordingly, while there is no bar on our aforesaid directors from being associated as directors in our Company, we cannot assure you that any such or other prohibition will not be placed on them in future, which may lead to their discontinuation as non-executive independent directors in our Company.

39. We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data available in the public domain and such data has not been independently verified by us.

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled ― Industry Overview of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the

market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, Investors should read the industry related disclosure in this Draft Letter of Offer in this context.

External risk factors

40. Deterioration in global economic conditions could have a material adverse impact on our sales and results of operations.

The automotive industry and the demand for automobiles are influenced by general economic conditions, including among other things, rates of economic growth, availability of credit, disposable income of consumers, interest rates, environmental and tax policies, safety regulations, freight rates and fuel and commodity prices. Negative trends in any of these factors impacting the regions where we operate could materially and adversely affect our business, financial condition and results of operations.

The Indian automotive industry is affected materially by the general economic conditions in India and around the world. Muted industrial growth in India in recent years along with continuing high levels of inflation and interest rates continue to pose risks to overall growth in this market. The automotive industry in general is cyclical and economic slowdowns in the recent past have affected the manufacturing sector, including the automotive and related industries in India. A continuation of negative economic trends or further deterioration in key economic metrics such as the growth rate, interest rates and inflation as well as reduced availability of financing for vehicles at competitive rates could materially and adversely affect our automotive sales in India and results of operations.

In addition, the Indian automotive market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause 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, including the movement of exchange rates and interest rates in India. In the event the recovery of global economy is slower than expected, or if there is any significant financial disruption, this could have a material adverse effect on our cost of funding, portfolio of financing loans, business, prospects, financial condition, results of operations and the trading price of our securities.

41. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void.

The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations (Combination Regulations) under the Competition Act with effect from June 1, 2011. The Combination Regulations require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, which sets out the mechanism for implementation of the merger control regime in India. The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We do not have any outstanding notices in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of

any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business.

42. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure. While the Government of India and certain State governments have announced that all committed incentives will be protected following the implementation of the GST, given that the various rules and regulations regarding the new regime are being evaluated in terms of various implications concerning the GST, we cannot provide you with any assurance as to this or any other aspect of the tax regime following implementation of the GST including anti profiteering regulations of the new tax regime and availability of input tax credit.

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

43. Investors may not be able to enforce a judgment of a foreign court against our Company.

Our Company is incorporated under the laws of India. Our Company's assets are primarily located in India and the all our Directors and all our Key Managerial Personnel are residents of India. As a result, it may not be possible for Investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments, if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

44. Foreign Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 (twelve) months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 (twelve) months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of 12 (twelve) months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

45. We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Rights Equity Shares are proposed to be listed on the BSE and the NSE, subject to the receipt of the final listing and trading approvals from the respective Stock Exchanges. Consequently, our business, operations, financial

performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

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

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- political instability, terrorism, military conflict, epidemic or public health issues in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- Instability in financial markets and volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis;
- changes in India's tax, trade, fiscal or monetary policies; and
- other significant regulatory or economic developments in or affecting India or its logistics sector.

Moreover, a fall in the purchasing power of our customers, for any reason whatsoever, including rising consumer inflation, availability of financing to our customers, changing governmental policies and a slowdown in economic growth may have an adverse effect on our customers' revenues, savings and could in turn negatively affect their demand for our products. In addition, any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

46. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. 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. 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 again and could harm our business, our future financial performance and the prices of the Equity Shares.

47. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.

India's sovereign rating is Baa2 with a "stable" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "stable" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

48. The occurrence of natural or man-made disasters may adversely affect our business, financial condition, results of operations and cash flows.

The occurrence of natural disasters, including hurricanes, floods, tsunamis, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative and would depend on numerous factors. Further,

the present outbreak and further escalation of COVID-19 pandemic, if any, or an outbreak of a communicable disease in India or in the particular region in which we have manufacturing facilities would adversely affect our business and financial conditions and the result of operations. We cannot assure prospective investors that such events will not occur in the future or that our business, financial condition, results of operations and cash flows will not be adversely affected.

49. Terrorist attacks, civil unrests and other acts of violence or war in South Asia could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighbouring countries. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on our business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past. Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business, results of operations and financial condition. Such violence may have an adverse impact on the Indian and worldwide financial markets. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares.

Risks Relating to the Equity Shares and this Issue

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

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

51. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

52. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

53. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

54. Investors will not have the option of getting the allotment of Rights Equity Shares in physical form.

In accordance with the SEBI ICDR Regulations, the Rights Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Rights Equity Shares in physical form. The Rights Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "*Terms of the Issue"* on page 82. This may impact the ability of our shareholders to receive the Rights Equity Shares in the Issue.

55. We will not distribute the Letter of Offer, Abridged Letter of Offer and Common Application Form to overseas Shareholders who have not provided an address in India for service of documents.

We will dispatch the Letter of Offer, Abridged Letter of Offer and Common Application Form (the "**Issue Materials**") to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail.

Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

56. The R-WAP payment mechanism facility required to be used for this Issue is newly introduced and may be pose risks pertaining to submission of applications and payment.

In view of the COVID-19 pandemic, SEBI under SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021 has directed issuer to provide the Eligible Equity Shareholders with a separate web based application platform, i.e., the R-WAP for making Applications in this Issue by resident Investors. R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account. For details, see "Terms of the Issue – Procedure for Application through the R-WAP" on page 95. Such payment gateways and mechanisms are faced with risks such as:

- The R-WAP information technology systems need to be in sync with the technology in the payment services industries;
- Maintaining confidentiality of investors' data.

There can be no assurance that the R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

57. **SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.**

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021and April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "Terms of the Issue" beginning on page 82.

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

58. ***Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

59. ***You may not receive the Rights Equity Shares that you subscribe in the Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

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

60. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges or that the Rights Equity Shares will be listed thereon in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Rights Equity Shares will not be applied for or granted until after our Rights Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

61. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

62. Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

SECTION III: INTRODUCTION
THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on December 28, 2019, pursuant to Section 62 of the Companies Act, 2013.

Following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "*Terms of the Issue*" beginning on page 82.

Brief Issue details	
Rights Equity Shares being offered by our Company	Up to [●] Equity Shares
Rights Entitlement	[●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Issue Price per Rights Equity Share	` [●] (including premium of [●]) per Equity Share.
Face Value per Rights Equity Share	`2/- per Equity Share
Issue Size	Up to Rs.4,000 lakhs
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari-passu in all respects with the Equity Shares of our Company.
Equity Shares subscribed, paid-up and outstanding prior to the Issue	10,00,00,000 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Security Codes for the Equity Shares	ISIN: INE637H01024 BSE Code: 532776 NSE Code: SHIVAMAUTO
Terms of the Issue	For details please refer to the chapter titled "Terms of the Issue" beginning on page 82 of this Draft Letter of Offer
Use of Issue Proceeds	For details please refer to the chapter titled "Objects of the Issue" beginning on page 41 of this Draft Letter of Offer.
Terms of Payment	The full amount is payable on application.

Issue Schedule

Issue Opening Date:	[●]
Last date for On Market Renunciation of Rights Entitlement:	[●]
Last date for Off Market Renunciation of Rights Entitlement:	[●]
Issue Closing Date*:	[●]
Finalisation of Basis of Allotment (on or about):	[●]
Date of Allotment (on or about):	[●]
Date of credit (on or about):	[●]
Date of listing (on or about):	[●]

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

GENERAL INFORMATION

Our Company was originally incorporated as a public limited company limited by shares under the Companies Act, 1956 with the name "*Shivam Autotech Limited"* in the state of Delhi pursuant to Certificate of Incorporation dated July 29, 2005 issued by the Asst. Registrar of Companies, N. C. T. of Delhi and Haryana. Our Company received its certificate of commencement of business from the Asst. Registrar of Companies, N.C.T. of Delhi and Haryana on October 17, 2005. The Corporate Identity Number of our Company is L34300HR2005PLC081531.

Registered Office cum Corporate Office of our Company

Shivam Autotech Limited
10, 1st Floor Tower A, Emaar Digital Greens,
Sector-61, Golf Course Extension Road,
Gurugram Gurgaon, Haryana – 122102, India.
Telephone: 0124-4698700
Email: info@shivamautotech.com
Website: www.shivamautotech.com
CIN: L34300HR2005PLC081531
Registration Number: 081531

Address of the Registrar of Companies
A) 4th Floor, IFCI Tower,
61, Nehru Place, New Delhi - 110019
Telephone: 011-26235703, 26235708
Facsimile: 011-26235702
Email: roc.delhi@mca.gov.in

Company Secretary and Compliance Officer

Ms. Preeti Sharma, Compliance Officer.
The Company Secretary will be appointed in due course of time pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder.
Shivam Autotech Limited
10, 1st Floor Tower A, Emaar Digital Greens,
Sector-61, Golf Course Extension Road,
Gurugram Gurgaon, Haryana - 122102
Telephone: 0124-4698700
Facsimile: 0124-4698798
Email: cs@shivamautotech.com

Registrar and Share Transfer Agent
Bigshare Services Private Limited
1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India.
Telephone: +91 22 6263 8200,
E-mail**:** rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Investor Grievance E-mail: investor@bigshareonline.com
Contact Person: Mr. Ashish Bhope
SEBI Registration Number: NR000001385

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post- Issue related matter such as non-receipt of letter of allotment, credit of Rights Equity Shares, refund and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, serial number of the Common Application Form, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Common Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For further details on the ASBA process, please see the chapter titled "*Terms of the Issue - Procedure for Application through the ASBA Process*" on page 94 of this Draft Letter of Offer.

Statutory Auditors of our Company
M/s. NSBP & Co., Chartered Accountants
325, Third Floor U.S. Complex,
Opp. Apollo Hospital,
120, Mathura Road, Sarita Vihar,
New Delhi- 110076.
Telephone: 9312242916
Email id: d.aggarwal@nsbpco.com
Firm's Registration No.: 001075N
Contact Person: Deepak K. Aggarwal

Bankers to the Issue and Refund Bank
[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time. Details relating to Designated Branches of SCSBs collecting the ASBA application forms are available at the above mentioned link. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time.

For further details on the ASBA process, please refer to details given in ASBA form and also see "*Terms of the Issue*" beginning on page 82 of this Draft Letter of Offer.

Since the Issue is being made in compliance with Regulation 3 of SEBI ICDR Regulations in as much as the Issue Size is less than Rs.50,00,00,000/- (Rupees Fifty Crores Only), the Company is not required to appoint any lead manager to the Issue in terms of Regulation 60 read with Regulation 69 of the SEBI ICDR Regulations.

Issue Schedule

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

Issue Opening Date:	[●]
Last date for On Market Renunciation of Rights Entitlement:	[●]
Last date for Off Market Renunciation of Rights Entitlement:	[●]
Issue Closing Date*:	[●]
Finalisation of Basis of Allotment (on or about):	[●]
Date of Allotment (on or about):	[●]
Date of credit (on or about):	[●]
Date of listing (on or about):	[●]

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

#The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 (thirty) days from the Issue Opening Date.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date.

Experts

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

Our Company has received written consent dated June 8, 2021 from the Statutory Auditors namely, M/s. NSBP & Co., Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) Annual audited information dated June 09, 2021; and (ii) limited review report dated August 13, 2021 on the Unaudited Limited Review Financial Statements for the quarter ended June 30, 2021 and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Our Company has received written consent dated June 8, 2021 of C. Abhishek and Associates, Chartered Accountants to include their name as independent Chartered Accountant of the Company in this Draft Letter of Offer and in respect of the statement of tax benefits dated September 21, 2021 incorporated in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Underwriters and Underwriting Arrangement

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

Minimum Subscription

In terms of Regulation 86 of the SEBI ICDR Regulations, minimum subscription to be received in an issue shall be at least 90% of the issue. However, such criteria of minimum subscription is not applicable to an issuer if: (a) the object of the issue involves financing other than financing of capital expenditure for a project; and (b) the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights.

Our Company is not required to achieve such minimum subscription for the Issue on account of the following reasons:
(i) the objects of the Issue involve financing other than financing of capital expenditure for a project; and
(ii) our Promoter and members of Promoter Group have undertaken to (a) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (b) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the Promoter Group.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rs.10,00,00,000/- (Rupees Ten Crores only) to Rs.50,00,00,000/- (Rupees Fifty Crores only). Since the size of this Issue falls below this threshold, the Draft Letter of Offer will be filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchanges.

Credit rating

This being a Rights Issue of Equity Shares, no credit rating is required.

Debenture Trustee

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

Monitoring Agency

In terms of Regulation 82(1) of the SEBI ICDR Regulations, an issuer is required to appoint a monitoring agency if the issue size is in excess of Rs. 10,000 Lakh. Since the size of present issue is less than `10,000 Lakh, our Company is not required to appoint a monitoring agency. Our Board and the Audit Committee of our Board will monitor the use of proceeds of this Issue in accordance with applicable law.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Letter of Offer, prior to and after the proposed issue is set forth below:

(`in lakhs except Equity Share data)

	Aggregate at face value	Aggregate at Issue Price
Authorized Share Capital		
12,50,00,000 Equity Shares of ` 2/- each	2500.00	-
Issued, subscribed and paid-up share capital prior to the Issue		
10,00,00,000 Equity Shares of ` 2/- each	2000.00	-
Present Issue in terms of this Draft Letter of Offer(1)		
Up to [●] Equity Shares at a premium of [●], i.e. at a price per Equity Share of [●]	Up to [●]	Up to 4,000 lakhs
Issued, subscribed and paid-up share capital after the Issue(2)		
Up [●] Equity Shares of ` 2/- each.	Up to	[●]
Securities premium account		
- Prior to the Issue		Nil
- After the Issue		[●]

(1)The Issue has been authorized by our Board in its meeting held on December 28, 2019.
(2) Assuming full subscription for and Allotment of the Rights Equity Shares.

NOTES TO CAPITAL STRUCTURE

1. No Equity Shares have been acquired by our Promoter or members of the Promoter Group in the last one year immediately preceding the date of filing of this Draft Letter of Offer**.**

2. No Equity Shares held by our Promoter or members of our Promoter Group have been locked-in, pledged or encumbered as of the date of this Draft Letter of Offer.

3. **Subscription to the Issue by our Promoter and Promoter Group**
   Our Promoter DMIPL under its letter dated August 17, 2020 has undertaken that it intends to subscribe to the full extent of its Rights Entitlement in the Issue and does not intend to renounce such rights. The allotment of Equity Shares of the Company subscribed by the Promoter in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) of the SEBI Takeover Regulations. Further, our Promoter and Promoter Group may apply for, and subscribe to, additional Rights Equity Shares.

   In the event, the other shareholders of the Company do not subscribe to the Rights Issue to the extent of their full rights entitlement, the same may result in an increase in the percentage shareholding of the Promoter above its current percentage shareholding and may result in the minimum public shareholding of the Company falling below 25% of the issued, subscribed and paid-up capital of the Company in terms of (i) Rule 19A of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time ("**SCRA**"); and (ii) Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**").

   Further, in terms of Rule 19A(2) of the SCRA, if the public shareholding in the Company falls below 25% of the issued, subscribed and paid-up capital of the Company at any time, then the Company is required to bring the public shareholding to 25% of the issued, subscribed and paid-up capital of the Company within a maximum period of 12 (twelve) months from the date of such fall in the manner specified by the Securities and Exchange Board of India. In this regard, the Company confirms that in the event of the minimum public shareholding of the Company falling below 25% of the issued, subscribed and paid-up capital of the Company as aforesaid, then the Company will, at the prescribed time, take steps to achieve compliance of the minimum public shareholding required to be maintained by the Company under Rule 19A(2) of the SCRA and under Regulation 38 of the SEBI Listing Regulations in accordance with the SEBI Circular dated November 30, 2015 bearing no. CIR/CFD/CMD/14/2015, as amended and the SEBI Circular dated February

22, 2018 bearing no. SEBI/HO/CFD/CMD/CIR/P/43/2018 and other applicable laws, as required from time to time.

4. Pursuant to the Loan Agreement dated June 11, 2020, our Promoter, DMIPL has advanced a sum of ₹ 3,000 lakhs as unsecured loan at 10.5% interest per annum to our Company. The aforesaid loan has been utilised for working capital requirements and general corporate purposes as certified by C. Abhishek and Associates, Chartered Accountants vide certificate dated September 21, 2021. Our Promoter has vide letter dated August 17, 2020 requested our Company to adjust the unsecured loan amounting to ₹ 3,000 lakhs against the subscription amount required to be paid by it for subscribing to Rights Equity Shares arising out of its rights entitlement in this Issue.

5. At any given time, there shall be only one denomination of the Equity Shares.

6. All Equity Shares are fully paid-up and there are no partly paid Equity Shares outstanding as on the date of the Draft Letter of Offer. The Rights Equity Shares, when issued, shall be fully paid-up. For further details on the terms of the Issue, see "*Terms of the Issue*" beginning on page 82.

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

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

8. Employee Stock Option Schemes

The Company does not have any Employee Stock Option Schemes.

9. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations:

i. The shareholding pattern of our Company as on June 30, 2021, can be accessed on the website of the BSE at:

https://www.bseindia.com/corporates/shpSecurities.aspx?scripcd=532776&qtrid=110.00&Flag=New

ii. Statement showing holding of Equity Shares of the Promoter and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on June 30, 2021 can be accessed on the website of the BSE at:

https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532776&qtrid=110.00&QtrName=June%202021

iii. Statement showing holding of Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2021 can be accessed on the website of the BSE at:

https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532776&qtrid=110.00&QtrName=June%202021

10. Details of the Shareholders holding more than 1% of the issued, subscribed and paid-up Equity Share Capital

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on June 30, 2021 are available at:

https://www.bseindia.com/corporates/shpdrPercnt.aspx?scripcd=532776&qtrid=110.00&CompName=SHIVAM%20AUTOTECH%20LTD.&QtrName=June%202021&Type=TM

SECTION IV: PARTICULARS OF THE ISSUE
OBJECTS OF THE ISSUE

We intend to utilize the Net Proceeds towards the following objects:

1. Augmenting working capital requirements of our Company;
2. Adjustment of unsecured loans against the entitlement of promoter; and
3. General corporate purposes.

(Collectively, referred to as the "Objects")

The main objects of the Memorandum of Association enable our Company to undertake the activities for which the funds are being raised pursuant to the Issue. The existing activities of our Company are within the ambit of the main objects and the objects incidental or ancillary to the main objects of the Memorandum of Association.

Issue Proceeds

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

(₹ in lakhs)

Particulars	Amount
Gross proceeds from the Issue	[●]*
(Less) Adjustment of unsecured loans against the entitlement of promoter	(3,000.00)
(Less) Issue related expenses	[●]**
Net Proceeds of the Issue	[●]**

**Assuming full subscription and Allotment of the Rights Equity Shares in the Issue*
***To be determined upon finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchange.*

Requirement of Fund and Utilization of the Net Proceeds

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

(₹ in lakhs)

Sr. No.	Particulars	Estimated amount
1.	Augmenting working capital requirements of our Company	(800.00)
2.	(Less) Adjustment of unsecured loans against the entitlement of promoter	(3,000.00)
3.	General corporate purposes	[●]**
	Total Net Proceeds*	[●]**

**Assuming full subscription and Allotment of the Rights Equity Shares in the Issue*
***To be determined upon finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchange.*

Note:

Pursuant to the Loan Agreement dated June 11, 2020, our Promoter, has advanced a sum of ₹ 3,000 Lakhs as unsecured loan at 10.5% interest per annum to our Company. The aforesaid loan has been utilised for working capital requirements and general corporate purposes as certified by C. Abhishek and Associates, Chartered Accountants vide certificate dated September 21, 2021. Our Promoter has vide letter dated August 17, 2020 requested our Company to adjust its entire unsecured loan against the subscription amount required to be paid by it for subscribing to Rights Equity Shares arising out of its rights entitlement in this Issue.

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Rights Issue.

Proposed schedule of Implementation and Deployment of Funds

Company intends to utilize the Net Proceeds for the following objects:

(₹ in lakhs)

Particulars	Amount proposed to be funded from Net proceeds	Estimated utilization of Net Proceeds in Fiscal 2022
Augmenting working capital requirements of our Company	800.00	800.00
Adjustment of unsecured loans against the entitlement of promoter	3000.00	3000.00
*General Corporate Purposes	[●]	[●]
Total	**[●]**	**[●]**

**To be determined upon finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchange. Issue Proceeds proposed to be used for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.*

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail scheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

In case of any variation in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised by way of the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals and/or cash flows from our operations and debt. In case of a shortfall in the Net Proceeds, we may explore a range of options including additional debt from existing and future lenders.

For further details of factors that may affect these estimates, please see "*Risk Factors*" on page 16.

Details of the Objects of the Issue

1. Augmenting working capital requirements of our Company

Our business is predominantly working capital intensive. In past, we have funded our working capital requirements in the ordinary course of our business from internal accruals and debt.

We are in the business of manufacturing auto components, and have to maintain adequate inventory during all times. Since we also sell our products to customers on credit, the increased sales will result into increase in debtors. Further, at present holding level of creditors is much higher than the industry norms that is affecting our performance which we need to reduce. We intend to utilize our capacities at optimum level in our plants. As, we run our plants at different locations, hence need to maintain the sufficient inventory at each location to cover the lead time between ordering to delivery time and optimizing order quantity based on delivery cost and storage costs.

The equity infusion through Rights Issue is proposed to meet our increasing working capital requirement that will help in maintaining creditors, debtors, inventory holding levels as per our operations requirement and in order to achieve growth in next 2-3 years and also for maintaining growth pace with Industry going forward.

As on June 30, 2021, our sanctioned working capital facility consisted of aggregate fund based limits of Rs. 7,303 Lakhs.

Basis of estimation of working capital requirement

(₹ in lakhs)

Sr. No.	Particulars	Fiscal 2020 (Audited)	Fiscal 2021 (Audited)	Fiscal 2022* (Estimated)
I.	**Current assets**			
	Inventories	8,599.05	8,851.63	9,047.38
	Trade Receivables	7,143.51	6,738.41	9,864.58

Sr. No.	Particulars	Fiscal 2020 (Audited)	Fiscal 2021 (Audited)	Fiscal 2022* (Estimated)
	Cash and Bank Balances	737.97	6,195.39	1,700.00
	Short-term loans and advances	3,407.09	3,079.71	3,978.50
	Total Current Assets (A)	**19,887.62**	**24,865.14**	**24,590.46**
II.	**Current Liabilities**			
	Trade Payables	10,178.86	7,855.59	6,990.00
	Other current liabilities	8,971.43	14,666.09	4,590.00
	Short- term provisions	15.82	17.41	20.00
	Total Current Liabilities (B)	**19,166.11**	**22,539.09**	**11,600.00**
III.	**Total Working Capital Requirement (A-B)**	**751.51**	**2,326.05**	**12,990.46**
IV.	**Funding pattern**			
	Working Capital funding from Banks	751.51	2,326.05	9000.00
	Internal accruals/Unsecured Loan	-	-	2,990.46
	Net proceeds of the Issue**	-	-	800.00

**Pursuant to the certificate dated September 21, 2021, issued by C. Abhishek and Associates, Chartered Accountants*.
*** Assuming full subscription and Allotment of the Rights Equity Shares*

Assumptions for working capital requirements*

Holding levels

Sr. No.	Particulars	No of days**		
		Fiscal 2020	Fiscal 2021	Fiscal 2022* (Estimated)
1.	Receivables (A)	44	50	39
2.	Inventory (B)	102	160	118
3.	Trade payables (C)	120	142	106
4.	Working capital cycle (A+B-C)	**26**	**68**	**51**

**Pursuant to the certificate dated September 21, 2021, issued by C. Abhishek and Associates, Chartered Accountants*
*** Rounded off to the nearest number of days.*

Justification for holding period levels

In respect of the working capital requirements detailed hereinabove, the key assumptions and justification for holding levels (**"Assumptions"**) is set forth hereunder:

Particulars	Assumptions
Current Assets	
Inventories	The level of Inventories assumed as total purchase/ cost of production based on the past trend of average inventory days carried by the Company
Trade Receivables	The level of Trade Receivables assumed as net sales based on the past trend of overage trade receivables days carried by the Company.
Current Liabilities	
Trade Payables	The level of Trade Payables assumed as total purchases based on the past trends of average trade payable days carried by the Company
Other current liabilities	The other current liabilities assumed as total expenses, based on the past range

Assuming full subscription and Allotment of the Rights Equity Shares in the Issue, our Company proposes to utilize ₹ 800 lakhs from the Net Proceeds towards funding the working capital requirements of the Company. The balance portion of our working capital requirement for the Fiscal 2022 will be arranged from banks and internal accruals.

2.* Adjustment *of unsecured loans against the entitlement of promoter and promoter group

Since the Company is in a working capital intensive industry and requires working capital on a continuous, ongoing and urgent basis, the Promoter have been advancing unsecured loans to the Company. Pursuant to the Loan Agreement dated June 11, 2020, our Promoter, has advanced a sum of ₹ 3,000 Lakhs as unsecured loan at 10.5% interest per annum to our Company. The aforesaid loan has been utilised for working capital requirements and general corporate purposes as certified by C. Abhishek & Associates, Chartered Accountants vide certificate dated September 21, 2021.

Interest of Promoter, Promoter group and directors, as applicable to the objects of the issue:

Our Promoter has vide its letter dated August 17, 2020 confirmed that an amount of ₹ 3000 lakhs, which has been availed by our Company, in the nature of unsecured loans as per the details mentioned above, is proposed to be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from our Promoter, to the extent of its entitlement, instead of seeking a repayment of the same. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

3. **General *corporate purposes***

In terms of Regulation 4(4) of the SEBI ICDR Regulations, our Company proposes to use ₹ [●] lakhs towards general corporate purposes, being not exceeding 25% of the gross proceeds of the Issue.

Our Board will have flexibility in applying the amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, advertisement, brand building expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

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

Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar to the issue and depository fees. The total Issue related expenses are estimated to be approximately ₹ [●]* lakhs.

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

Interim use of funds

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

Bridge Financing Facilities

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Monitoring of utilization of funds

Since the proceeds from the Issue are less than ₹ 10,000 lakhs, in terms of Regulation 41(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for this Issue. As required under the SEBI Listing Regulations, the audit committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

Pursuant to Regulation 18(3) and 32(3) of SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the audit committee, the uses and applications of the Net Proceeds as part of our quarterly declaration of results. Further, pursuant to Regulation 32(5), our Company shall, on an annual basis, prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the audit committee. The said disclosure shall be made till such time that the Issue Proceeds have been fully spent.

Further, according to Regulation 32(1) of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the objects of the Issue as stated in this chapter; and (ii) details of category wise variations, if any, in the proposed utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group or Group Entities, except as stated above and in the ordinary course of business.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The Board of Directors,
SHIVAM AUTOTECH LIMITED,
10, 1st Floor, Tower A, Emaar Digital Greens,
Sector - 61, Golf Course Extension Road,
Gurugram Gurgaon, Haryana-122102, India.

Dear Sirs,

Sub: Statement of possible special direct tax benefits available to Shivam Autotech Limited ("the Company") and its shareholders ("the Statement").

We hereby confirm that the enclosed statement states the possible special direct tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ("Act") as amended from time to time, 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 the business imperatives, the Company may or may not choose to fulfil.

This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 rights issue of equity shares of the Company 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. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company. We do not express any opinion or provide any assurance as to whether:

1. The Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits, where applicable have been/would be met.

This statement is intended solely for information and for inclusion in the Draft Letter of Offer/ Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.

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.

For C. Abhishek & Associates.
Chartered Accountants
Firm Registration No: 028414N

CA Chiranjivi Abhishek
Partner
M No.: 509200
UDIN: 21509200AAAANW8406
Date: 21/09/2021
Place: Noida

Statement of Special Tax Benefits available to the Company & its Shareholder under the Income Tax Act, 1961 and other Direct Tax Laws presently in force in India:

Special Tax Benefits.

I. Benefits available to the Company

There are no special tax benefits available to the Company**.**

II. Benefits available to the Shareholders

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

For C. Abhishek & Associates.
Chartered Accountants
Firm Registration No: 028414N

CA Chiranjivi Abhishek

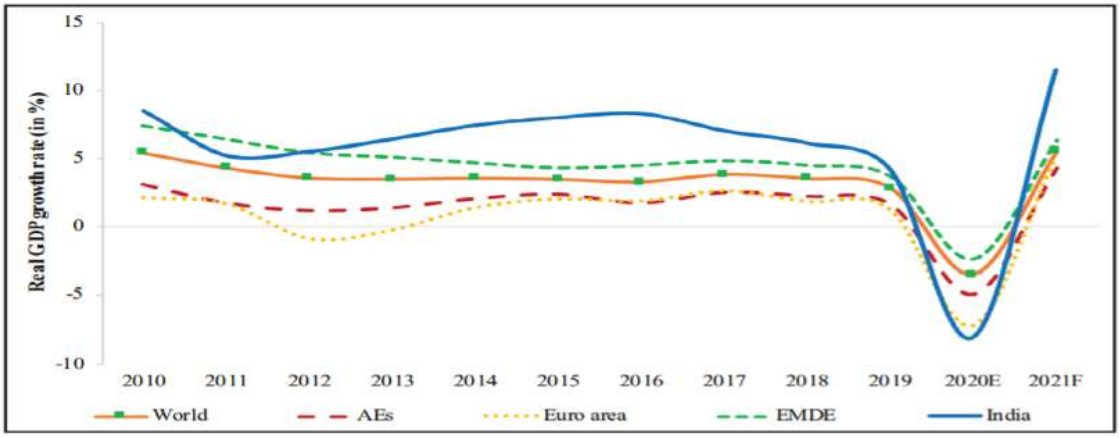
Partner
M No.: 509200
UDIN: 21509200AAAANW8406
Date: 21/09/2021
Place: Noida

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Letter of Offer, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on page 16 and 62 Draft Letter of Offer.

Global Economic Overview

The pandemic raised unprecedented health challenges on a global scale and posed unique policy dilemmas. Since 2018, the growth momentum in global output was on a weakened footing owing to various factors like trade tensions, political instability, slowed demand and reduction in industrial activity. COVID-19 pandemic accentuated the deceleration by causing severe demand and supply disruptions. Economic activity has been belaboured by reduced mobility, owing both to official restrictions and private decisions; uncertainty regarding the post-pandemic economic prospects and policies has impacted investment; disruptions in education have decelerated human capital accumulation; concerns about the viability of global value chains; and the adverse impact on international trade and tourism.

The month of April 2020 became the month of "Global Lockdown" with world economic activity coming to a standstill – leading to a steep fall in output during second quarter of 2020. Global output is expected to witness the sharpest contraction in a century, contracting in the range of 3.5 - 4.3 per cent in 2020 as per the estimates provided by IMF and World Bank (below figure). The cumulative loss to global GDP over 2020 and 2021 is estimated at around USD 9 trillion – greater than the economies of Japan and Germany combined. Loss of output is anticipated to be more severe in AEs at 5.4 per cent compared to EMDEs, excluding China, which stood at 5.0 per cent for the year 2020 (below figure). This is aligned with the more severe impact of the pandemic spread in AEs than EMDEs as was seen above. The estimates for global growth were revised upward through the year with easing of lockdowns and resurgence in economic activity in July-September quarter of the year. The rebound in global activity has, however, been uneven and subdued since the beginning of second half of the year due to resurgence in COVID-19 infection rates in AEs.



Going forward, an effective vaccination campaign, restoration of consumer and business confidence as well as continued monetary and fiscal support are expected to lift the global output by 4.5 – 5.5 per cent in 2021. Downside risks to this forecast include the possibility of mutant strains, delays in vaccine procurement and distribution, disruptive effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth.

(Source: Economic Survey 2020-21 www.indiabudget.nic.in)

Indian Economic Overview

The Indian economy, after subdued growth in 2019, had begun to regain momentum January 2020 onwards, only to be stalled by the once-in-a-century black swan COVID-19 outbreak. The economy witnessed a sharp contraction of 23.9 per cent in Q1: FY 2020-21 and 7.5 per cent in Q2: FY 2020-21 due to the stringent lockdown imposed during March-April, 2020. Since then, several high frequency indicators have demonstrated a V-shaped recovery. The fundamentals of the economy remain strong as gradual scaling back of lockdowns along with the astute support of Atmanirbhar Bharat Mission have placed the economy firmly on the path of revival.

There has been rapid recovery in India's economic activity from the COVID-19 pandemic induced unprecedented lows of the first quarter of FY 2020-21 on the back of extraordinary fiscal and monetary support provided by the Government and RBI. Overall movement of high frequency indicators over Q1, Q2 and Q3 indicated speedy pickup in Q2 and growing convergence to pre-pandemic levels in Q3. As India's mobility and pandemic trends aligned and improved concomitantly, indicators like E-way bills, rail freight, GST collections and power consumption not only reached pre-pandemic levels but also surpassed previous year levels.

India remained a preferred investment destination in FY 2020-21. FDI poured in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies. Subsequent to an unrivalled global portfolio investor selloff in March 2020, surges of FPI flows were witnessed June onwards marking a renewed appetite for risky assets and yield, and weakening of US dollar amid global monetary easing and fiscal stimulus packages. Net FPI inflows recorded an all-time monthly high of US$ 9.8 billion in November 2020. During April December 2020, equities witnessed inflow of at USD 30.0 billion, five times its previous year value - India was the only country among emerging markets to receive equity FII inflows in 2020. As a result of these inflows, buoyant Sensex and NIFTY resulted in India's market-capitalisation to Gross Domestic Product (GDP) ratio crossing 100 per cent for the first time since October 2010. While stock markets value the potential future growth, these elevated levels still raise concerns on the disconnect between the financial markets and real sector.

Overall, India is well on its path to a V-shaped recovery to pre-pandemic levels and beyond. The economy was well supported by strategically paced macro-economic policies and resilient fundamentals. The coordinated policy response on both health and economic fronts helped India to endure the pandemic-induced shocks this year.

(Source: Economic Survey 2020-21 www.indiabudget.nic.in)

Indian Automotive Industry Overview

Introduction

The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded by a CAGR of 6% over FY16 to FY20 to reach US$ 49.3 billion in FY20.

Auto-components industry account for 2.3% of India's Gross Domestic Product (GDP) and employs as many as 1.5 million people directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

Market Size

The industry can be broadly classified into organised and unorganised sectors. The organised sector caters to original equipment manufacturers (OEMs) and consist of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

Automobile component industry's revenue stood at US$ 49.3 billion in FY20, up from US$ 39.05 billion in FY16. Export of auto components grew at a CAGR of 7.6% to reach Rs. 102,623 crore (US$ 14.5 billion) during the same time. As per Automobile Component Manufacturers Association (ACMA), automobile components export from India is expected to reach US$ 80 billion by 2026. The Indian auto components industry is expected to reach US$ 200 billion in revenue by 2026.

Investments

The Foreign Direct Investment (FDI) inflow into Indian automotive* industry during the period April 2000-December 2020 stood at US$ 25.39 billion as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent investments made/planned in the Indian auto components sector is as follows:

- In March 2021, the government announced to offer fresh incentives to companies making electric vehicles (EVs) as part of a broad auto sector scheme. The scheme is expected to attract US$ 14 billion of investment in the next five years.
- In February 2021, Vedanta Resources launched its newest product—aluminium cylinder head alloy, a crucial raw material for manufacturing cylinder heads and other automotive components.

- A cumulative investment of ~Rs. 12.5 trillion (US$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's electric vehicle (EV) ambitions. This is likely to boost the demand of auto components from local manufacturers.
- In January 2021, Suzuki Motor Corp. and Hyundai Motor Co. announced plans to explore ways to make India a key global hub for sourcing components and facilitate sharp rise in vehicle exports from the country.
- In January 2021, French battery system supplier Forsee Power committed to invest Rs. 82 crore (US$ 11.18 million) in phase 1 of the India project.
- In October 2020, Japan Bank for International Cooperation (JBIC) agreed to provide US$ 1 billion (Rs. 7,400 crore) to SBI (State Bank of India) for funding the manufacturing and sales business of suppliers and dealers of Japanese automobile manufacturers as well as providing auto loans for the purchase of Japanese automobiles in India.
- In October 2020, the government of Tamil Nadu signed 14 memorandum of understandings (MoU) worth Rs. 10,055 crore (US$ 1.4 billion) that will generate 69,712 jobs in the state.
- In September 2020, off-highway tyre-maker Alliance Tire Group (ATG), owned by the Japanese major Yokohama Group, announced plans to set up its third plant in the country in Visakhapatnam, with an investment of US$ 165 million (Rs. 1,240 crore). The proposed plant will add over 20,000 tonnes per annum (55 tonnes per day rubber weight) capacity to the 2.3-lakh-tonne annual production from two India plants and will be commissioned by the first quarter of 2023.
- In September 2020, Toyota Kirloskar Motors announced investments of Rs. 2,000+ (US$ 272.81 million) aimed towards electric components and technology.
- In February 2020, National Engineering Industries Ltd (NEIL) announced investment of Rs. 100 crore (US$ 14.31 million) over the next three years for producing needle roller bearing at its Jaipur facility.
- In January 2020, Tata AutoComp Systems entered a joint venture (JV) with Beijing-based Prestolite Electric to enter the electric vehicle (EV) components market.
- In October 2019, Minda Industries acquired Germany-based automotive lamps firm Delvis Gmbh along with two of its subsidiaries for Rs. 164 crore (US$ 23.47 million).
- In August 2019, Eaton partnered with Pune-headquartered technology firm KPIT.
- In April 2019, Durr, a German automotive painting and sealing company, entered a partnership with Patvin to provide automated painting solutions for two or three wheelers and agricultural machinery for the Indian markets.
- As of January 2019, Lite Auto Components Pvt Ltd, a part of Hindustan Magnesium Products Pvt Ltd, planned to invest Rs. 500 crore (US$ 69.30 million) to set up Magnesium-based manufacturing plant in Andhra Pradesh.

Achievements

Following are Government's achievements in the past four years:

- Production of two wheelers, passenger vehicles, commercial vehicles and three wheelers reached 21.03 million, 3.43 million, 0.75 million, and 1.13 million, respectively, in FY20.
- FAME - India Scheme formulated by Department of Heavy Industry, led to a continuous increase in registered OEMs and vehicle models. Also, the scheme enhanced the sales of EVs and about 261,507 electric/hybrid vehicles were supported under the scheme up to December 6, 2018. In February 2019, the Government approved FAME-II scheme with a fund requirement of Rs. 10,000 crore (US$ 1.39 billion) for FY20-22.
- Under National Automotive Testing and research and development (R&D) Infrastructure Project (NATRiP), various facilities including passive safety labs comprising of crash core facility and crash instrumentations including dummies were established at ICAT-Manesar and ARAI-Pune.
- To give a fresh thrust to E-mobility in public transport, Department of Heavy Industry announced the launch of public and shared mobility based on electric powertrain.

Government Initiatives

The Government of India's Automotive Mission Plan (AMP) 2006-2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of US$ 300 billion by 2026 and will grow at a CAGR of 15% from its current revenue of US$ 74 billion.

In November 2020, the Union Cabinet approved PLI scheme in automobile and auto components with an approved financial outlay over a five-year period of Rs. 57,042 crore (US$ 8.1 billion)

Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the automotive industry to grow and will benefit Indian economy in the following ways: -

- Contribution of auto industry in the country's GDP will rise to over 12%.
- Around 65 million incremental number of direct and indirect jobs will be created.
- End of life Policy will be implemented for old vehicles.

Road Ahead

The rapidly globalising world is opening newer opportunities for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

(Source: Auto Components, India Brand Equity Foundation, www.ibef.org)

BUSINESS OVERVIEW

To obtain a complete understanding of our business, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 16, 48, 62 and 64, respectively, as well as the financial, statistical and other information contained in this DLOF. Some of the information in the following section, especially information with respect to our plans and strategies, includes certain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" beginning on page 12 for a discussion of the risks and uncertainties related to those statements, and also the "Risk Factors" beginning on page 16 for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in, or implied by, forward-looking statements

Details of our Company

Our Company was originally incorporated as a public limited company limited by shares under the Companies Act, 1956 with the name "*Shivam Autotech Limited"* in the state of Delhi pursuant to Certificate of Incorporation dated July 29, 2005 issued by the Asst. Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Company received its certificate of commencement of business from the Asst. Registrar of Companies, National Capital Territory of Delhi and Haryana on October 17, 2005. The Corporate Identity Number of our Company is L34300HR2005PLC081531. The Registered Office & Principal Office is located at- 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Haryana-122102.

Details of the business of the Company

The Company is a manufacturer of transmission gears and shafts in India, serving various automobile manufacturers as their strategic and supply chain partner. From manufacturing gears for motorcycles since its incorporation to developing critical components for aerospace, the Company has diversified into multiple verticals and initiated exports as well.

The Company is involved in the manufacture of precision engineered components and systems, primarily used in automotive sector. The Company operates within the Automotive Industry, which is well-established both domestically as well as internationally. It operates at Tier 1 level and Tier 2 level within the industry supply chain hierarchy and is an active participant in international trading, both as an importer and exporter.

The Company manufactures a comprehensive range of auto components and accessories that primarily include transmission gears, transmission shafts, alternator components, starter motor components, magneto components and steering components which are being produced through cold, warm and hot forging employing near net shape technology. The Company is an IATF 16949:2016, ISO 45001:2018 & ISO 14001:2015 certified for manufacture of forged, machined and heat-treated components. The Company also holds the AS 9100- Rev D certification, which makes the Company eligible for supplying to all aerospace industries.

The Company has invested in state-of-the-art facilities in Bangalore and Rohtak to indigenize products for automobiles. This development gives the Company an opportunity for future exports to different overseas customers and is also a step towards 'Make in India' initiative.

Our Company is promoted by DMIPL.

Our Company's net-worth as on March 31, 2021 was `11,191.92 lakhs compared to `13,328.55 lakhs for Fiscal 2020.

Presently, the Equity Shares of our Company are listed and traded on BSE Limited under the security code 532776 and on NSE Limited under code SHIVAMAUTO.

Our Plants

The Company has 4 manufacturing plants at following locations:

1. Binola plant which is located at 58km Stone Delhi- Jaipur Highway, Village- Binola, District – Gurugram - 122413, Haryana, India;
2. Rohtak plant which is located at Plot No. 9, Sector 30A, IMT Rohtak, Haryana -124001, India;

3. Haridwar plant which is located at Plot No 3, Industrial Park II, Phase I, Village Salempur, Tehsil Mahdood, Haridwar- 249402, Uttarakhand, India;
4. Kolar plant which is located at PLOT NO.98, Vemagal Industrial Area, Kolar– 563101, Karnataka, India.

The Registered Office of the Company is located at- 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Haryana-122102.

All our manufacturing plants are fully backward integrated containing all machinery such as power presses, heat treatment furnaces, CNC, VMC, gear hobbing, shaping, shaving and grinding machines, to be able to mass produce various products. The Company is one of the pioneers in net shape and near net shape technology, and makes use of latest CAD and simulation software for optimized process design.

Awards and Recognition

- Awarded Recognition to Excellence in Performance by MICO BOSCH in the year 2004-2005.
- Awarded the Green Merit Award for recognition in Green Initiative of Waste Paper Recycling through Green-O-Tech India in year 2017.
- Received Certificate of Appreciation by Maruti Suzuki India Limited for superior performance in the field of 2 wheeler engine cost down for the FY 2015-16, 2016-17, & 2017-18.
- Awarded for the 'Good Business Support' for the year 2018 by Mitsuba Sical India Private Limited.
- Received Certificate of Excellence from SEG Automotive for recognition in Ramp up Support in the year 2018.
- Received Certificate for Green Awards – Green Business and Sustainability 2019 from Green Globecare for waste paper recycling in year 2018-2019.
- Received Certificate of Appreciation from Maruti Suzuki India Limited in recognition of superior performance in the field of 2 Wheeler Engine Capacity Enhancement in year 2018-2019;
- Received IGBC Green Factory Building Rating System Gold Certificate in the year 2021.

Production process

The Company uses state-of-the-art equipment and is one of the pioneers in high speed progressive forging and near net shape forging operation through hot, warm and cold routes, gear cutting, machining, heat treatment and finishing operations. Our Company has lean plants which undertake all processes under one roof to ensure high volumes and stringent quality controls.

The generalized process of production follows the sequence as given below:

1. Billet Cutting - Sawing / Chopping is the first stage of process wherein steel rods are cut into the required size of the component as per the customer requirements. After that billets are transferred for warm / hot forging or cold extrusions;

2. Forging - The billets after chopping are heated in induction heater at a specified temperature and sent for forging. Forging is the process of beating metal by compressing it and making it flow into the desired shape of die in the Forging Press;

3. Normalizing / Annealing - After forging the component goes for normalizing / hardening / tempering which gives the components metallurgical structure as per the customer requirements;

4. Facing and turning by use of Computer Numerically Controlled Machine – The forged blank after normalizing is fed to the Computer Numerically Controlled Machine. Computer Numerically Controlled Machine contains two set up for each gear and shafts components. Through machining operations, forging blanks undergo facing, turning and boring operations to get the desired geometry of the part;

5. Milling by use of Vertical Machining Centre or Gear Hobbing / Shaping- After facing turning and boring, component is sent for broaching / milling by use of Vertical Machining Centre / hobbing / shaping, as may be required;

6. Case Carburizing/ Carbonitriding – After, broaching, milling and hobbing, as the case may be, the component is sent for carburizing;

7. Grinding – Grinding process is a machining operation for material removal from the work piece and simultaneously improving the surface finish and texture, using cutting tool made from abrasive material. There are various forms of grinding operation depending on the complexity of the work piece, accuracy requirement, work piece material properties, and surface finish requirement. For automotive application, all moving parts of transmission system such as gears and shafts, require grinding process in order to achieve the accuracy and surface finish. Various types of grinding operation performed on products manufactured by the Company are:

    - Cylindrical Grinding;
    - Angular Head Grinding;
    - Centreless Grinding;
    - Gear Grinding.

8. Pre-Despatch Inspection – The finished product is then inspected in-house prior to despatch for ensuring quality.

Machinery

Some of the major equipment used by us at our existing plants are:

Sr.No.	Manufacturing Process Stage	Machines
1	Billet Cutting	Chopper (available in various tonnage capacity) Shearing Machine
2	Hot Forging	Horizontal high speed hot former (Hatebur) Vertical Press (of various tonnage capacities)
3	Warm Forging	Vertical Press (of various tonnage capacities)
4	Cold Forging	Horizontal high speed cold former (Nedshroeff) Vertical Press (of various tonnage capacities) Swaging Machine
5	Coating	Phosphating plant Lubrite Coating plant
6	Normalizing / Annealing	Continuous Furnace Pit type furnace
7	Soft Machining	CNC Lathe VMC Spinner Machine Centering & Facing Machine
8	Internal spline / profile machining	Broaching Machine
9	Gear Cutting	Hobbing Machine Shaping Machine Shaving Machine Skiving Machine
10	Heat Treatment	Sealed Quench Furnace Hardening & Tempering continuous furnace Tempering furnace
11	Shot Blasting	Tumbler type shot blasting Hanger type shot blasting
12	Finish Machining	Cylinder Grinding Machine Angular Head Grinding Machine Honing
13	Assembly Process	Semi-automatic machine
14	Crack detection (inspection)	Magnaflux

Technology

The Company is a pioneer of the net shape and near net shape technology, along with use of warm forging technology, especially in gear manufacturing. The Company has a suite of software for 3D & 3D CAD modelling, forging process simulation, machining process simulation, and gear design, which helps in optimized product and process design. This is further complemented by regular process innovations, and automation technologies employed for continuous improvement in the overall productivity, such as SCADA system for control and monitoring of heat treatment process furnaces. The Company has some of the most technologically advanced

machines for high speed cold and hot forging, capable of producing more than 120 parts per minute, with precision and accuracy as per customer requirements. Moreover, the Company regularly works several specialized technology companies, for design and development of technologically complex components, sub-systems or systems. This has allowed the Company to file several process and product design patents, both in India & abroad.

Products of the Company

The Company manufactures precision engineered components through forging and subsequent machining operations along with mechanical assemblies. Various components are assembled in an organized sequence in a controlled industrial environment.

The application of components and mechanical assemblies application is as per below –

- Transmission gears and shafts – 2-wheeler, passenger vehicles, off-highway vehicles;
- Steering System Components;
- Electrical System Components – Used in alternator & starter motor of passenger vehicles;
- Braking System Components – passenger vehicle Hydraulic CBS;
- Starter Motor Components.

The following are products manufactured by the Company for end-use in various segments:

Two wheeler segment:

Transmission gears and shafts and magneto components.

Aerospace segment:

Gears and shafts

Automobile segment:
Sleeves, steering components, starter motor components, alternator components, Manual & electronic power steering, cam & fuel lobes, diesel injection system

Commercial vehicle segment:

Sensor rings

Non-automotive segment:

Helical Gears

Off-road segment:

Transmission Gears and shafts

Turn around in Business Operations during the COVID-19 crisis

The ongoing COVID crisis has significantly affected the entire automotive and auto ancillary sector, with companies facing unprecedented challenges due to the disruption caused by lockdowns and subsequent impact on operations and restriction on movement of vehicles and people. Further, the automobile sector was already facing challenges pre-COVID times due to transition of automobile norms from BS IV to BS VI effective from April 01, 2020 and overall slowdown in automobile sector. On account of these factors, there has been significant pressure on the industry's top line and margins and a considerable extension of the working capital cycle due to pandemic.

Due to this crisis, the Company witnessed complete disruption in the operations on account of the national lock down. All the plants of the Company remained shut for a total of 60 days. Post relaxation in lockdown, all the plants restarted operations, albeit at low levels of capacity utilization. The Company operated at a capacity utilization of only 20% in the first quarter of Fiscal 2021 which resulted in net sales of only ` 3800.00 lakhs as against ` 17400.00 lakhs in the first quarter of Fiscal 2020 and EBITDA of `. -900.00 lakhs the first quarter of Fiscal 2021 as against ` 2200.00 lakhs in the first quarter of Fiscal 2020.

The Company has taken the following steps for revival of the Company:

1. The Company has begun resurrecting its operations in all plants after a prolonged lockdown. Post lockdown, the Company has been receiving continuous orders at a record pace specifically from Hero Motor Corp Limited, though it has not been able to fully capitalize on the situation due to liquidity issues.
2. The Company has undertaken infusion of *of ₹ 3,000 lakhs which was availed as an unsecured loan at 10.5% interest per annum from the Promoter* demonstrating the commitment and confidence of the Promoter in revival of the Company's operations. The aforesaid loan has been utilised for working capital requirements and general corporate purposes to increase operations of the Company.
3. The customers to the Company have also come up by providing support in the form of increased orders and ready to provide additional support in the form of more orders and lower payment terms if company is able to perform on existing orders
4. Vendors had provided interim relief by providing additional material required to execute fresh orders on existing payment terms with full commitment to provide uninterrupted supply of materials to meet customer demand.
5. The Company has been able to increase the liquidity in the system by availing ECLGS facility under the Atmanirbhar Scheme by Government of India.
6. The Company has also taken steps to merge the Manesar plant with Rohtak plant for operational synergies, cost reduction and optimization of manpower cost.

In-line with the above steps taken by the Company, the operations have started to show improvements and the Company has been able to ramp up its productions to utilization of above 80%. The Company has achieved EBITDA of `8100.00 lakhs in Fiscal 2021 as against EBITDA of ` 5300.00 lakhs in Fiscal 2020. Further, Company's performance has improved in the last three quarters in as much as the Company had achieved EBITDA of ` 2601 lakhs (EBITDA margin 19.7%) in the second quarter of Fiscal 2021, ` 31.08 lakhs (EBITDA margin 20.6%) in the third quarter of Fiscal 2021 and ` 3005 lakhs (EBITDA margin 18.9%) in the fourth quarter of Fiscal 2021. The Company is also in discussions with its lenders for implementation of a scheme for improving the liquidity in the Company which would ensure the continuity of improved performance by the Company.

Business Strategies:

The Company aims to reinforce its strengths whilst expanding product portfolio so as to transform the organization from 'Build to Print' manufacturer to 'System Supplier'.

Expanding our product base for diversification

The current product portfolio of the Company is primarily of components. However, the assemblies rank above the components in the supply chain hierarchy which means higher revenue and potential higher profit margin. Therefore, the Company aims to add more assemblies to its product portfolio. The Company aims to increase its product base by innovating various after-market products. Since products such as filters and one-way clutch are replaced from time to time, they provide a continuous stream of revenue. In this regard, the Company has developed 18 components for aftermarket including filters, water pumps, one way clutch. In the electronic vehicles arena, the Company has developed hydraulic Combined Braking System and axles for L3 and L5 categories (three wheelers). It has also recently developed, front axles for tractors (4 wheel drive) with 18-30 Horse Power tractors.

Improving functional efficiencies

We will continue to invest in increasing our functional efficiency throughout the organization. Our Company intends to improve efficiencies to achieve cost reductions and have a competitive edge over our peers. We aim to achieve this through continuous process improvement, customer service and technology development. We also strive to improve the quality of the products manufactured.

Forward Integration

With the increasing focus of Make in India in the fields of defence and aerospace, we intend to focus on supply of shafts and gears to public sector undertakings in the defence sector. The Company also proposes to focus on manufacturing of steering components for diversification and so as to de-risk the Company against the growing electric vehicles market.

Capacity and Capacity Utilisation

1. The details of the Company's Production Capacity and Capacity Utilization for Fiscal 2019, Fiscal 2020, Fiscal 2021 are as set out in the table below:

Installed Production Capacity and Capacity Utilization as at and for									
Location	Fiscal 2021			Fiscal 2020			Fiscal 2019		
	Installed Capacity in No's	Actual Production in No's	% Utilization	Installed Capacity in No's	Actual Production in No's	% Utilization	Installed Capacity in No's	Actual Production in No's	% Utilization
Rohtak	6276613	4483295	71%	3460000	2469481	71%	3200000	2265877	70%
Binola	30000000	20128133	67%	30000000	20366152	68%	30000000	26508159	88%
Haridwar	40977700	30267204	74%	40669988	34027221	84%	49096440	42059223	86%
Kolar	8064000	5527847	69%	5760000	3435168	60%	5760000	3765855	65%

End-use of the Company's products and principal markets in which the Company competes

The Company has been serving a large number of manufacturers dealing in two-wheeler segment, aerospace segment, automobile segment, commercial vehicles, non-automotive segment and off-road segment as their strategic and supply chain partners for the past 20 years.

The Company's products are primarily sold in India. The Company also exports gears, steering components and other components in the United States of America and Europe. The Company products are mainly developed for two wheelers and four wheelers, both in the commercial and off-road vehicles market.

Marketing

The Company participates in auto exhibitions and business meets for promoting, showcasing and marketing its various products.

OUR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum of Association and Articles of Association of our Company and the requirements of the applicable laws. In terms of Companies Act, 2013 read with Articles of Association of our Company, the number of Directors in our Company shall be not less than 3 (three) and not more than 15 (fifteen).

The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations. As on the date of this Draft Letter of Offer, our Company has 6 (six) Directors. Out of the 6 (six) Directors, 3 (three) are Independent Directors, 1 (one) is a Managing Director, 1 (one) is a Whole-Time Director and 1 (one) is a Non-Executive Director.

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

Name, term, Occupation and nationality	Age	Address	Other Directorships
Mr. Neeraj Munjal DIN: 00037792 Designation: Managing Director Date of Birth: July 1, 1967 Term: Re-appointed as Managing Director for a period of 5 (five) years w.e.f from April 1, 2021 to March 31, 2026 subject to shareholders' approval. Period of Directorship: Director since July 29, 2005 Nationality: Indian Occupation: Business	53	House No: B-175 Greater Kailash -1, South Delhi, Delhi-110048, India.	**Private Company** 1. Dayanand Munjal Investments Private Limited
Ms. Charu Munjal DIN: 03094545 Designation: Whole-Time Director Date of Birth: June 4, 1972 Term: Re-appointed as Whole-time Director w.e.f. 1 June, 2018 for a period of 5(five) years liable for retirement by rotation. Period of Directorship: Director since May 28, 2013 Nationality: Indian Occupation: Business	49	House No: B-175 Greater Kailash -1, South Delhi, Delhi- 110048, India.	**Public Company** 1. Munjal Showa Limited
Mr. Anil Kumar Gupta	70	H No. ER- 11 Inder Puri, Central Delhi, Delhi-	**Public Company**

DIN: 02643623 Designation: Non-Executive Director Date of Birth: April 2, 1951 Term: 5 (five) years w.e.f. August 09, 2019 liable for retirement by rotation (Appointed as Non-Executive Director) Period of Directorship: Director since April 28, 2009 Nationality: Indian Occupation: Retired Government Official		110012 India.	1. Akar Auto Industries Limited
Mr. Bhagwan Dass Narang DIN: 00826573 Designation: Independent Director Date of Birth: April 12, 1945 Term: Re-appointed as Independent Director for a period of 5 (five) years w.e.f September 25, 2019, not liable for retirement by rotation Period of Directorship: Director since February 14, 2006 Nationality: Indian Occupation: Business	76	B-64, Ground Floor, Gulmohar Park, Delhi-110049, India.	**Public Companies** 1. Dish Tv India Limited 2. Karvy Stock Broking Limited 3. Karvy Financial Services Limited 4. Dynamic Mining Sas Guinea **Private Companies** 1. Multiples Equity Fund Trustee Private Limited 2. Shri Venimadhav Portfolio Private Limited 3. Hero Corporate Services Private Limited 4. Ovington Finance Private Limited
Ms. Jyothi Prasad DIN: 06947488 Designation: Non- Executive and Independent Director Date of Birth: November 29, 1963 Term: Appointed as a Non-Executive and Independent Director for a period of 5(five) years w.e.f November 13, 2019, not liable for retirement by rotation, and approved by the Shareholders at the 15th Annual General Meeting held on September 30, 2020	57	A-903, Jagat Vidya, Near Gurunanak Hospital, Bandra East Mumbai-400051, Maharashtra.	**Public Companies** 1. Granules India Limited 2. Karvy Stock Broking Limited 3. Karvy Financial Services Limited

Period of Directorship: Director since November 13, 2019 Nationality: Indian Occupation: Consultant			
Mr. Sunil Chinubhai Vakil DIN: 02527630 Designation: Additional Director (Non- Executive and Independent). Date of Birth: May 06, 1956 Term: Appointed as an Additional Director (Non-Executive and Independent) for a period of 4 (four) years w.e.f December 21, 2020, not liable for retirement by rotation, and subject to approval by the Shareholders at the subsequent Annual General Meeting to be held in the year 2021. Period of Directorship: Director since December 21, 2020. Nationality: Indian. Occupation: Consultant.	65	202, Misuja Court Flat, Near Manisha Society, Saiyed Vasna Road, Vadodra, Gujarat-390007, India	**Private Companies:** 1. Woleco India Private Limited 2. Gujarat Metal Cast Industries Private Limited 3. Amitysoft Technologies Private Limited

Family Relationship between Directors

Except as disclosed below, none of the Directors of our Company are related to each other:

S. No	Name of Director	Related to	Nature of Relationship
1.	Neeraj Munjal	Charu Munjal	Spouse
2.	Charu Munjal	Neeraj Munjal	Spouse

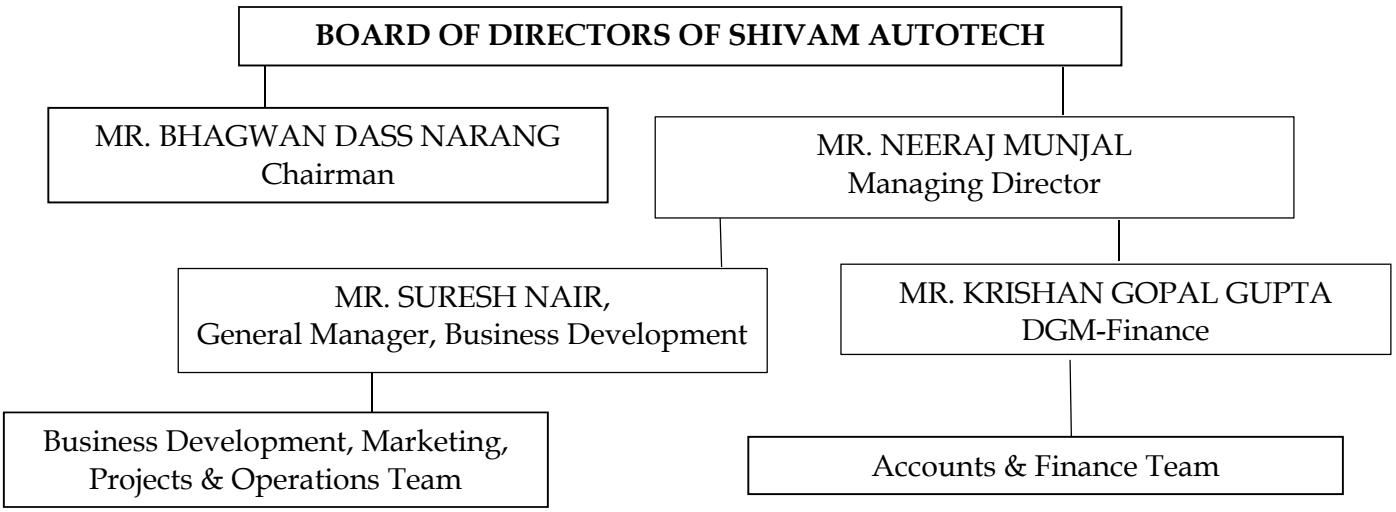
Confirmations

1. None of our Directors is or was a director of any listed company during the last five years immediately preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company
2. None of our Directors is or was a director of any listed company during the last ten years immediately preceding the date of filing of this Draft Letter of Offer, which has been or was delisted from the stock exchanges, during the term of their directorship in such company.

Details of Senior Management

S. No	Name	Designation
Senior Management		
1.	Neeraj Munjal	Managing Director
2.	Preeti Sharma	Compliance Officer. The Company Secretary will be appointed in due course of time pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder.
Key Management		
1.	Suresh Nair	General Manager, Business Development
2.	Krishan Gopal Gupta	Deputy General Manager – Finance

Current Organisational Structure



SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page No.
1.	The Auditors' Report and the Annual Audited Financial Statements as at and for the year ended March 31, 2021	**F -1 to F- 47 (Signed Results)**
2.	The Limited Review report and the Unaudited Financial Results as at and for the nine months period ended June 30, 2021	**F - 47 to F - 51 (Signed Results)**

Independent Auditor's Report

To the Members of Shivam Autotech Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Shivam Autotech Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive losses, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to:

i. Note 7 in the financial statements, wherein management has recognized deferred tax assets on the assumption that there would be sufficient future taxable profits, more fully been explained in the said note for reversal of such deferred tax assets.

ii. Note 10 in the financial statements, regarding the booking of material consumption and accounting impact of physical verification observations, more fully been explained in the said note.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters (KAM) are those matters that, in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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E-mail: info@nsbpco.com Website : www.nsbpco.com

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive losses , changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from

our examination of those books;

c) The balance sheet, the statement of profit and loss including other comprehensive income, statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting standard specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof;

e) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements – Refer Note 31 to the financial statements;

ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

For **NSBP & Co.**
Chartered Accountants
Firm's Registration No. 001075N

NSBP & Co. NEW DELHI CHARTERED ACCOUNTANTS

Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN : 21095541AAAAFP5801

Place: New Delhi
Date: June 09, 2021

Annexure A to the Independent Auditor's Report to the members of Shivam Autotech Limited on its financial statements dated June 09, 2021.

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order') issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However due to Covid-19 pandemic, the fixed assets have not been physically verified by the management during the year.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the company.

(ii) The inventories of the Company except for stock lying with third parties and stock in transit, have been physically verified by the management at reasonable intervals. In our opinion and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. Discrepancies noticed on such physical verification of inventory as compared to book records were material and have been properly dealt with in the books.

Further, our attendance for inventory physical verification at Haridwar plant was impracticable due to increase in Covid-19 cases and we have relied on the physical verification done by the management, also refer to our report on Internal Financial Controls in Annexure B of this report.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms and limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Accordingly, clauses 3(iii) (a) to (c) of the Order are not applicable.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Hence, clause 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder.

(vi) According to the information and explanation given to us, The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act in respect of business carried out by the company. Therefore, reporting under clause 3(vi) of the order is not applicable to the Company.

(vii) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues, as applicable, within the prescribed time with the appropriate authorities during the year, except for the payment to Employees' Provident Fund, Employees' State Insurance, Goods and Service Tax and Tax Deducted at Source and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Custom Duty, Excise Duty, Service Tax and Sales Tax/ Value Added Tax/Goods & Service Tax and Cess which have not been deposited on account of any dispute, except the following in respect of disputed value added tax along with the forum where dispute is pending:

S. No	Name of the Statute	Nature of Dues	Gross Amount Disputed (Rs. Lakhs)	Amount Deposited (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
1.	Value Added Tax Act 2005	Non-submission of Form F	247.01	23.75	2014-15	Joint Commissioner, Haridwar, Uttarakhand
2.	Value Added Tax Act 2005	Non-submission of Form F	30.01	2.09	2015-16	Joint Commissioner, Haridwar, Uttarakhand
3.	Value Added Tax Act 2005	Non-submission of Form F	107.19	-	2016-17	Refer note 1 below

Note 1: As explained by the management, they are in the process of filling the appeal against the demand at appropriate forum.

(viii) According to the information and explanations given to us and as per the books and records examined by us, The Company has not taken any loan from debenture holders, Government and financial institution. During the year, Company has availed the moratorium during COVID-19 period as announced by Reserve bank of India, delay in payment of certain principal and interest were not treated as default. However, the default in repayment of principal/interest to the banks as on the balance sheet date are as follows: -Refer note no 39 (III) of the financial statements.

Rs. in lakhs

Sr.	Name of lender	Borrowings/Principal Outstanding balance as at March 31, 2021		Interest Outstanding balance as at March 31, 2021		Remarks
		Amount	Period (In days)	Amount	Period (In days)	
1	Yes Bank - 100Cr	85.24	21	-	-	Default is subsequently made good on 19-04-2021
2	Yes Bank - 50Cr - Term Loan -2	194.00	23	-	-	Default is subsequently made good on 19-04-2021
3	Yes Bank – ECLGS	-	-	31.34	1	Default is subsequently made good on 19-04-2021
4	Yes Bank -Funded Interest Term Loan	50.18	1	0.33	1	Default is subsequently made good on 19-04-2021
5	Yes Bank -Funded Interest Term Loan	10.10	23	-	-	Default is subsequently made good on 19-04-2021
6	Yes Bank -Funded Interest Term Loan	3.85	3	-	-	Default is subsequently made good on 19-04-2021
7	RBL Bank	19.05	1	4.63	1	Default is subsequently made good on 04-04-2021

(ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer during the financial year and the terms loans raised by the Company have been applied for the purpose for which they are obtained. Where such end use has been stipulated by the lender(s).

During the year, the Company has availed the loan under Emergency Credit Line Guarantee Scheme ("ECLGS") scheme as per the RBI notification on Resolution Framework for COVID-19-related Stress – Financial Parameters dated September 7, 2020 aggregating of Rs 7,949.00 Lakhs out of which, Rs. 4,100.00 Lakhs has not been utilised till balance sheet date and the same has been kept in current account of the Company.

(x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management of the company.

(xi) In our opinion, and according to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company.

(xiii) In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 177 and section 188 of the Act and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) In our opinion and on the basis of information and explanations given to us, the Company has not entered into non-cash transactions with directors and persons connected with him. Hence, the provisions of section 192 of Act are not applicable.

(xvi) In our opinion and on the basis of information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **NSBP & Co.**
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN:- 21095541AAAAFP5801

Place: New Delhi
Date: June 09, 2021

Annexure B to the Independent Auditor's Report to the members of Shivam Autotech Limited ('the Company') on its financial statement dated June 09, 2021.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of **Shivam Autotech Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management and Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness with reference to its financial statements as at March 31, 2021.

i. The Company's internal control system in respect of supervisory and review controls over process of booking of material consumption, booking of proper inventory and accounting of returnable gate pass, reconciliation of old stock lying with third party and allocation of fixed and variable overheads on product costing on periodical basis were not operating effectively during the current financial year to arrive at the correct value of stock including physical number, which could potentially result in material misstatement of cost of goods sold and inventories as on March 31, 2021.

   Based on physical verification of Inventories, consumption and reconciliation of closing stock as done by the Management subsequently, necessary remedial measures have been taken to arrive at the correct value of inventories as on March 31, 2021 and also to arrive at cost of goods sold for the year then ended.

ii. The Company's internal control weakness has been observed in respect of approval of expenses/ reimbursement of expenses and payment to the vendors/employees were not operating effectively and due to deficiency in the control, the company has made some excess payment to vendors/employees of the company however as confirmed by management these payments were subsequently been approved by the management of the company.

iii. Due to issues and bugs in software the system is not able to calculate the depreciation correctly. All variations in depreciation on account of these issues are updated in the system manually on the basis of manual depreciation calculation. The management is in continuous discussions with the software provider to fix this anomaly in the system so that correct output can be obtained directly from the system.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these financial statements as of March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these financial statements were operating effectively as of March 31, 2021.

Explanatory paragraph

We have also audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of the Company and this report does not affect our report dated June 09, 2021, which expressed an unmodified opinion on these financial statements.

For **NSBP & Co.**
Chartered Accountants
Firm Registration No. 001075N

Deepak K. Aggarwal
Partner
Membership No: 095541
UDIN:21095541AAAAFP5801

Place: New Delhi
Date: June 09, 2021

Shivam Autotech Limited
Regd. Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector-61
Golf Course Extension Road, Gurugram, Haryana, 122102
CIN: L34300HR2005PLC081531

Balance Sheet as at March 31, 2021

(All amounts are in lakhs unless otherwise stated)

		Note	As at March 31, 2021	As at March 31, 2020
A)	**ASSETS**			
1)	**Non - current assets**			
	(a) Property, plant and equipment	4	42,203.28	43,779.43
	(b) Right-of-use assets	5.1	681.89	924.52
	(c) Capital work - in - progress	5.2	46.62	2,753.72
	(d) Intangible assets	4	58.22	110.83
	(e) Intangible assets under development	5.3	47.00	72.30
	(f) Financial assets	6		
	(i) Loans	6.1	629.78	650.80
	(ii) Others	6.2	715.72	355.73
	(g) Deferred tax assets (net)	7	3,669.31	3,335.15
	(h) Income tax assets (net)	8	49.60	455.73
	(i) Other non - current assets	9	474.54	108.56
			48,575.96	52,546.77
2)	**Current assets**			
	(a) Inventories	10	8,851.63	8,599.05
	(b) Financial assets	11		
	(i) Trade receivables	11.1	6,738.41	7,143.51
	(ii) Cash and cash equivalents	11.2	5,327.34	321.36
	(iii) Bank Balances other than (ii) above	11.3	868.05	414.61
	(iv) Loans	11.4	16.76	37.32
	(v) Others	11.5	302.28	27.26
	(c) Other current assets	12	2,760.67	3,342.51
			24,865.14	19,885.62
	Total Assets		**73,441.10**	**72,432.39**
B)	**EQUITY AND LIABILITIES**			
1)	**EQUITY**			
	(a) Equity share capital	13	2,000.00	2,000.00
	(b) Other equity		9,302.14	11,516.73
			11,302.14	13,516.73
2)	**LIABILITIES**			
	Non - current liabilities			
	(a) Financial liabilities	14		
	Borrowings	14.1	24,531.40	20,373.17
	Lease Liabilities		660.80	887.19
	(b) Provisions	15	687.79	662.29
	(c) Other non-current liabilities	16	24.55	25.45
			25,904.54	21,948.10
	Current liabilities			
	(a) Financial liabilities	17		
	(i) Borrowings	17.1	13,695.31	17,801.45
	(ii) Trade payables	17.2		
	-Dues to micro enterprises & small enterprises		1,388.21	1,367.71
	-Other trade payable		6,467.38	8,811.15
	(iii) Lease Liabilities		119.10	99.86
	(iv) Other financial liabilities	17.3	12,270.17	7,234.20
	(b) Other current liabilities	18	2,276.84	1,637.37
	(c) Provisions	19	17.41	15.82
			36,234.42	36,967.56
	Total Equity & Liabilities		**73,441.10**	**72,432.39**
	Corporate Information	1		
	Basis of preparation of financial statement	2		
	Significant accounting policies	3		

The accompanying notes 1 to 48 forms an integral part of the financial statements.

As per our report of even date attached
For NSBP & Co.
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: New Delhi
Date: 09th June 2021

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
DIN: 00037792

Charu Munjal
Whole Time Director
DIN: 03094545

Davendra Ujlayan
VP- Finance
PAN No. AAFPU2249C

Samta Bajaj
Company Secretary
M No 50269

Place : Gurugram
Date: 09th June 2021

Shivam Autotech Limited
Regd. Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector-61
Golf Course Extension Road, Gurugram, Haryana, 122102
CIN: L34300HR2005PLC081531

Statement of profit and loss for year ended March 31, 2021

(All amounts are in lakhs unless otherwise stated)

		Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I.	Revenue from operations	20	48,741.15	58,783.25
II.	Other income	21	351.67	104.43
III.	**Total income (I + II)**		49,092.82	58,887.68
IV	Expenses			
	Cost of materials consumed	22	16,796.02	24,070.83
	Changes in inventories of finished goods and work-in-progress	23	(1,003.57)	1,149.90
	Consumptions of Stores		4,458.25	5,568.28
	Job work charges		3,308.41	4,057.07
	Employee benefit expenses	24	6,141.38	6,128.62
	Finance cost	25	5,683.56	5,306.37
	Depreciation and amortization expenses	26	4,872.28	5,381.24
	Other expenses	27	11,289.09	12,649.63
	Total expenses		51,545.42	64,311.94
V	**Profit/(Loss) before exceptional item and tax (III - IV)**		(2,452.60)	(5,424.26)
VI	**Exceptional Item**		-	-
VII	**Profit/(Loss) before tax (V+VI)**		(2,452.60)	(5,424.26)
VIII	**Tax expense:**	28		
	(1) Current tax		-	-
	(2) Deferred tax		(354.55)	(1,710.79)
	(3) Earlier year tax adjustment		154.51	-
IX	**Net Profit/(Loss) for the year after tax from continuing operations (VII-VIII)**		(2,252.56)	(3,713.47)
X	**Profit / (Loss) from discountinued operation after tax**		-	-
XI	**Profit / (Loss) for the Year**		(2,252.56)	(3,713.47)
XII	**Other comprehensive income**			
	Item that will not be reclassified to profit or loss	29	58.37	(57.67)
	Income tax relating to items that will not be reclassified to profit or loss	28	(20.40)	20.15
	Items that will be reclassified to profit or loss	29	-	-
	Income tax relating to items that will be reclassified to profit or loss	28	-	-
	Other comprehensive income total		37.97	(37.52)
XIII	Total Comprehensive income		(2,214.59)	(3,750.99)
XIV	**Earning per equity share (Face value of Rs 2/-each)**	30		
	(1) Basic		(2.25)	(3.71)
	(2) Diluted		(2.25)	(3.71)

Corporate Information	1
Basis of preparation of financial statement	2
Significant accounting policies	3

The accompanying notes 1 to 48 forms an integral part of the financial statements

As per our report of even date attached
For NSBP & Co.
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: New Delhi
Date: 09th June 2021

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
DIN: 00037792

Charu Munjal
Whole Time Director
DIN: 03094545

Davendra Ujlayan
VP- Finance
PAN No. AAFPU2249C

Samta Bajaj
Company Secretary
M No 50269

Place : Gurugram
Date: 09th June 2021

Shivam Autotech Limited
Regd. Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector-61
Golf Course Extension Road, Gurugram, Haryana, 122102
CIN: L34300HR2005PLC081531

Statement of Cash flow for the year ended March 31, 2021

		Year ended March 31, 2021	Year ended March 31, 2020
A	**Cash flow from operating activities**		
	Net Profit Before Taxation and Extraordinary activities	(2,394.24)	(5,481.90)
	Adjustments for:		
	Depreciation & Amortisation	4,872.28	5,381.24
	Provision for Doubtful debts/ECL	145.90	452.00
	Profit/(Loss) on sale of Property, Plant & Equipment	32.81	(6.15)
	Intangible assets under development written off	72.30	-
	Government Grant	(0.91)	(0.91)
	Interest income on deposits	(55.51)	(38.73)
	Finance Cost	5,683.56	5,306.36
	Operating profit before working capital changes	**8,356.19**	**5,611.91**
	Adjustment for working capital changes:		
	(increase)/decrease in trade receivables	259.20	1,795.92
	(increase)/decrease in inventories	(252.58)	2,297.76
	increase/ (decrease) in trade payable	(2,323.27)	(309.25)
	(increase)/decrease in loans & advances/ Other current assets	(465.04)	16.92
	increase/ (decrease) in current liabilities & provisions	1,338.62	1,024.58
	Cash from operations	**6,913.11**	**10,437.84**
	Direct taxes (paid)/ refund (net)	251.63	(26.40)
	Net cash from operating activities	**7,164.74**	**10,411.44**
B	**Cash flow from investing activities**		
	Purchase of Property, Plant & Equipment including capital work in progress	(2,088.93)	(4,371.34)
	Proceeds from sale of Property, Plant & Equipment	195.84	7.20
	Interest received on deposits	55.51	38.95
	Net cash used in investing activities	**(1,837.58)**	**(4,325.19)**
C	**Cash flow from financing activities**		
	Proceeds from/(repayment of) from short term borrowings (net)	(4,106.14)	402.29
	Proceeds from/(repayment of) of long term borrowings (net)	9,265.02	(949.67)
	Repayment of Lease Liabilities	(81.02)	(85.25)
	Interest paid	(5,399.05)	(5,214.46)
	Net cash used in financing activities	**(321.18)**	**(5,847.09)**
	Net (decrease)/increase in cash or cash equivalents	**5,005.98**	**239.16**
	Cash or cash equivalents at beginning of the year	321.36	82.20
	Cash or cash equivalents at the end of the year	**5,327.34**	**321.36**

Note:
1) Previous year figures have been regrouped/restated, wherever considered necessary
2) Figures in bracket represents cash outflow/(losses)
3) The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS-7) 'Statement of Cash Flow'.

Components of cash and cash equivalents as at	**As at March 31, 2021**	**As at March 31, 2020**
Cash and cash equivalents:		
Cash and cash equivalents	5,327.34	321.36
Cash and cash equivalents	**5,327.34**	**321.36**

4) Changes in liabilities arising from financing activities

Particulars	As at April 01, 2020	Cash Flows	As at the end March 31, 2021
Non-Current Borrowings	25,114.46	9,265.02	34,379.48
Current Borrowings	17,801.45	(4,106.14)	13,695.31

Corporate Information	1
Basis of preparation of financial statement	2
Significant accounting policies	3

The accompanying notes 1 to 48 forms an integral part of the financial statements.

As per our report of even date attached
For NSBP & Co.
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: New Delhi
Date: 09th June, 2021

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
DIN: 00037792

Charu Munjal
Whole Time Director
DIN: 03094545

Davendra Ujlayan
VP- Finance
PAN No. AAFPU2249C

Samta Bajaj
Company Secretary
M No 50269

Place : Gurugram
Date: 09th June 2021

Shivam Autotech Limited
Regd. Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector-61
Golf Course Extension Road, Gurugram, Haryana, 122102
CIN: L34300HR2005PLC081531

Statement of changes in equity for the year ended March 31 2021 (All amounts are in lakhs unless otherwise stated)

A Equity Share capital

Balance of Equity Share Capital	Balance As at March 31,2021	Changes during the year	Balance As at March 31,2020	Changes during the year	Balance As at April 01,2019
Equity shares of Rs. 2/- each issued, subscribed and fully paid up	2,000	-	2,000	-	2,000

B Other Equity

	Reserves and surplus			Other comprehensive income	Total
	Capital Redemption Reserve	General Reserve	Retained earnings	Acturial loss / gain on defined benefit obligation	
Balance As at 01.04.2019	5.00	5,068.62	10,200.00	(5.92)	15,267.70
Losses for the year			(3,713.45)		(3,713.45)
Other Comprehensive Losses (net of Income tax)				(37.52)	(37.52)
Balance As at 31.03.2020	5.00	5,068.62	6,486.55	(43.44)	11,516.73
Losses for the year			(2,252.56)		(2,252.56)
Other Comprehensive Income (net of Income tax)				37.97	37.97
Balance As at 31.03.2021	5.00	5,068.62	4,233.99	(5.47)	9,302.14

The description of the nature and purpose of each reserve within equity is as follows:

i Retained earnings represents undistributed profits of the Company which can be distributed to its equity shareholders in accordance with the requirement of the Companies Act, 2013.

ii Capital redemption reserve was created consequent to redemption of preference share capital, as required under the provisions of the Companies Act, 1956. This reserve shall be utilised in accordance with the provisions of Companies Act, 2013.

iii Other Comprehensive Income (OCI) represent the balance in equity for items to be accounted in OCI. OCI is classified into (i) items that will not be reclassified to statement of profit and loss, and (ii) items that will be reclassified to statement of profit and loss.

iv General reserve represents the statutory reserve, this is in accordance with Indian coporate law wherein a portion of profit is appropriated to general reserve. Under the erstwhile Companies Act, 1956, it was mandatory to transfer the amount before a company can declare a dividend, however under the Companies Act, 2013, transfer of any amount to general reserve is at the discretion of the company.

Corporate Information	1
Basis of preparation of financial statement	2
Significant accounting policies	3

The accompanying notes 1 to 48 forms an integral part of the financial statement.

As per our report of even date attached
For NSBP & Co.
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: New Delhi
Date: 09th June 2021

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
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Devendra Ujlayan
VP- Finance
PAN No. AAFPU2249C

Samta Bajaj
Company Secretary
M No 50269

Place : Gurugram
Date: 09th June 2021

Notes to Financial Statements for the year ended March 31, 2021

1 Corporate Information

Shivam Autotech Limited (the 'Company') was established in the year 1999, and was initially known as Munjal Auto Components till July, 2005. The Company got converted to a separate Public Limited Company w.e.f. 29th July, 2005. In pursuant to the scheme of Demerger & arrangement, the Gurgaon Unit was transferred to Shivam Autotech Limited on 1st August, 2005.The Company has been engaged in the manufacturing of Near-Net- Shaped, auto transmission components mainly for Original Equipment Manufacturers (OEMs). The product range includes various types of transmission gears, transmission shafts, spline shafts, plunger, power train components, and employing cold/warm/hot forging techniques. The Company has five state-of-the-art manufacturing facilities, located at Gurgaon, Haridwar, Bengaluru & Rohtak. The Company is listed on the National Stock Exchange and Bombay Stock Exchange of India.

2 Basis of preparation

a) Statement of compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. The Financial Statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

These financial statements are approved and adopted by board of directors of the Company in their meeting held on Wednesday, June 09, 2021

b) Basis of preparation

The financial statements have been prepared accrual basis on historical cost convention, except as stated otherwise.
Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Functional and presentation currency

The financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to lakhs upto two decimal places, unless otherwise indicated.

d) Operating cycle

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 services provided and time between the acquisition of assets for processing and thier realization in 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.

e) Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent liabilities and contingent assets at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Application of accounting policies that require critical accounting estimates and assumption judgments having the most significant effect on the amounts recognized in the financial statements are:

- Measurement of defined benefit obligations:
- Recognition of deferred tax assets & MAT credit entitlement;
- Useful life and residual value of Property, plant and equipment and intangible assets;
- Impairment test of financial and non-financial assets;
- Recognition and measurement of provisions and contingencies;
- Fair value measurement of financial instruments;

3 Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

a) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price,and any directly attributable cost of bringing the asset to working condition for its intended use.

General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment or major inspections performed, are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of all other repairs and maintenance are recognized in the statement of profit & loss as incurred.

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment is derecognized when no future economic benefit are expected to arise from the continued use of the asset or upon disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognized in statement of profit or loss.

Subsequent Expenditure

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the Property, Plant and Equipment and the resultant gain or losses are recognized in the statement of profit and loss.

ii) **Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognized in the statement of profit and loss. Depreciation on property, plant and equipment is provided on Straight Line Method at the rates determined on the basis of useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

	Useful Life as per Schedule II of Companies Act 2013 (in years)
-Plant & Machinery	15
-Buildings	30
-Computers	3
-Office equipment	5
-Furniture & fixtures	10
-Vehicles	8
-Lease hold Improvements	Amortised over the period of lease

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis i.e. from (upto) the date on which the property, plant and equipment is available for use (disposed off).

Property, Plant and Equipment individually costing below Rs. 5,000 are fully depreciated during the year they are put to use.

b) Intangible assets

i) **Recognition & measurement and amortization**

Intangible Assets are recognized, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortized over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortization and impairment losses, if any and are amortized over their respective individual estimated useful life on straight line method.

The estimated useful lives are as follows:

Computer Software 4 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

Intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognised immediately in profit or loss.

An item of intangible asset is derecognised when no future economic benefit are expected to arise from the continued use of the asset or upon disposal.

Any gain or loss on disposal of an item of intangible assets is recognized in statement of profit or loss.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

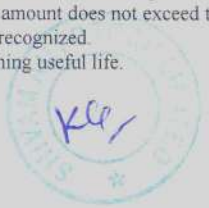
For impairment testing, assets that do not generate independent cash flows are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

In respect of assets for which impairment loss has been recognized in prior periods, the company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.



d) Financial instruments

i) **Initial recognition**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at **fair value of the consideration received or receivable**. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii) **Subsequent measurement**

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognized or impaired, the gain or loss is recognized in the statement of profit and loss.

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit and loss. Equity instruments are subsequently measured at fair value. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis. Fair value gains and losses recognized in OCI are not reclassified to profit and loss.

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

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

(iv) Financial liabilities

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

iii) **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognizes a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

iv) **Derecognition**

Financial Assets

Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

v) **Reclassification of financial assets and financial liabilities**

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets.Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

vi) **Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit or loss.

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vii **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values for measurement and/ or disclosure purposes are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - This includes financial instruments measured using quoted prices.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

f) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

g) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of goods-

Sales is accounted for upon dispatch of goods from the factory when the risks and rewards of ownership are transferred to the buyer.

Ind AS 115 provides for a five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the standard requires enhanced disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

ii) Dividends

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

iii) Insurance claim

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

iv) Interest Income

Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable.

v) Government Grant & Subsidies

Grant/subsidies is recognised when there is reasonable assurance the Grant/subsidy will be received and all attaching condition will be complied with.

h) **Employee Benefits**

i) **Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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ii) **Defined contribution plans**

Employees benefits in the form of the Company's contribution to Provident Fund, Family Pension scheme and Employees State Insurance are defined contribution schemes. The Company recognizes contribution payable to these schemes as an expense, when an employee renders the related service.

If the contribution payable exceeds contribution already paid, the deficit payable is recognized as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period. The Company recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

iii) **Defined benefit plans**

Retirement benefits in the form of gratuity are considered as defined benefit plans. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The company provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary. The Company contributes to the gratuity fund, which are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet.

When the calculation results in a potential asset for the company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) **Other long-term employee benefits**

Employee benefits in the form of long term compensated absences are considered as long term employee benefits. The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

The liability for long term compensated absences are provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

i) Valuation of inventories

i) Finished goods are valued at lower of cost or net realizable value. Scrap is valued at net realizable value. cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

ii) Work in progress is valued at raw material cost including proportionate production overheads.

iii) Stores, spares and raw materials are valued at lower of cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. cost of purchases is assessed on first in first out (FIFO) method.

iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Foreign Exchange Transactions / Translations / Hedge Accounting

Standalone financial statements have been presented in Indian Rupees (`), which is the Company's functional and presentation currency.

• Initial recognition

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

• Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

• Exchange differences

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

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k) **Borrowing costs**

Borrowing costs are interest and other ancillary costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalized until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset.All the other borrowing costs are recognized in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

l) **Income tax**

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income

i) **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking credit of the benefits available under the Income Tax Act and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:
a) has a legally enforceable right to set off the recognized amounts; and
b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. In contrast, deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.
The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.
Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognized as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

m) **Segment Reporting**

The Company's operating businesses are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate. The reportable segments have been identified based on the significant components of the enterprise for which discrete financial information is available and are reviewed by the Chief operating decision maker (CODM) to assess the performance and allocate resources to the operating segments.Refer Note -35.

n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o) **Cash flow statement**

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

p) **Ind AS - 116 Lease**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

The Company as a lesee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

q) **Earning per share**

Basic earnings per share are 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 year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) **Government grants**

Government grants are recognized at fair value when there is reasonable assurance that the grant would be received and the Company would comply with all the conditions attached with them. Government grants related to PPE are treated as deferred income (included under non-current liabilities with current portion considered under current liabilities) and are recognized and credited in the Statement of Profit and Loss on a systematic and rational basis over the estimated useful life of the related asset and included under "Other operating income". Government grants related to revenue nature are recognized on a systematic basis in the Statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate and are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income and presented under "Other operating income".

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s) **Recent Pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

(i) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

(ii) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

(iii) Specified format for disclosure of shareholding of promoters.

(iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

(v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

(vi) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

(vii) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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CIN: L34300HR2005PLC081531

Notes to the financial statements as at March 31, 2021

4 Property, plant & equipment

(All amounts are in lakhs unless otherwise stated)

Particulars	Tangible Assets									Intangible assets	Grand Total
	Freehold Land	Building	Plant & Equipment	Computers	Office equipment	Furniture & fixtures	Vehicles	Lease hold Improvements	Total Tangible assets		
Gross Block											
As at 01 April 2019	5,754.84	10,744.28	63,882.70	334.12	354.91	393.53	644.43	149.58	82,258.39	588.61	82,847.00
Additions		274.53	1,933.51	11.18	4.19	57.19		140.97	2,421.57	19.47	2,441.04
Disposals							(70.71)		(70.71)		(70.71)
As at 31 March 2020	5,754.84	11,018.81	65,816.21	345.30	359.10	450.72	573.72	290.55	84,609.25	608.08	85,217.33
Additions	-	-	3,274.05	0.06	0.48	14.83	-	55.35	3,344.77	10.90	3,355.67
Disposals	-	-	(257.70)	-	(8.48)	-	(10.02)	-	(276.20)	-	(276.20)
As at 31 March 2021	5,754.84	11,018.81	68,832.56	345.36	351.10	465.55	563.70	345.90	87,677.82	618.98	88,296.80
Depreciation/Amortisation									-		-
As at 01 April, 2019	-	1,742.04	32,807.56	273.88	275.19	195.56	356.82	89.81	35,740.84	422.42	36,163.26
Charge for the year		375.90	4,601.08	32.08	27.11	31.87	69.55	21.04	5,158.64	74.83	5,233.47
Disposals							(69.66)		(69.66)		(69.66)
As at 31 March 2020	-	2,117.94	37,408.64	305.96	302.30	227.43	356.71	110.85	40,829.82	497.25	41,327.07
Charge for the year		371.00	4,166.00	19.53	19.60	29.81	58.18	28.15	4,692.27	63.51	4,755.78
Disposals			(29.47)		(8.11)		(9.97)		(47.55)		(47.55)
As at 31 March 2021	-	2,488.94	41,545.17	325.49	313.79	257.24	404.92	139.00	45,474.54	560.76	46,035.30
Net Block											
As at 31 March, 2020	5,754.84	8,900.87	28,407.57	39.34	56.80	223.29	217.01	179.70	43,779.43	110.83	43,890.26
As at 31 March, 2021	5,754.84	8,529.87	27,287.39	19.87	37.31	208.31	158.78	206.90	42,203.28	58.22	42,261.50

Notes:-
(i) Lease hold improvements have been amortised over period of lease.
(ii) Refer note no. 39 for charges.
iii) **Impairment Review**

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

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(All amounts are in lakhs unless otherwise stated)

5.1 Right-of-use assets	Amounts
Gross Block (at cost)	
As at 01.04.2019	-
Additions	1,072.29
Disposals	-
As at 31.03.2020	**1,072.29**
Additions	-
Disposals	126.12
As at 31.03.2021	**946.17**
Amortisation	
As at 01.04.2019	-
Charge for the year	147.77
Disposals	-
As at 31.03.2020	**147.77**
Charge for the year	116.51
Disposals	
As at 31.03.2021	**264.28**
Net Block as at 31.03.2021	**681.89**
Net Block as at 31.03.2020	**924.52**

5.2 Capital- Work-In-Progress (CWIP)	As at March 31, 2021	As at March 31, 2020
Opening CWIP	2,753.72	27.48
Add: Additions during the year	-	3,812.28
Less:capitalised during the year	2,707.10	1,086.04
Total Capital Work in Progress*	46.62	2,753.72

*Includes pre-operative expenditure pending capitalisation of Rs. Nil (Previous year Rs. Nil)

5.3 Intangible Assets Under Development	As at March 31, 2021	As at March 31, 2020
Intangible Assets under Development		
Opening	72.30	41.94
Add:Additions during the year	47.00	30.36
Less:Written off during the year	72.30	-
	47.00	72.30

6 Financial Asset: Non Current

6.1 Loans	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
-Security Deposits	629.78	650.80
Total	629.78	650.80

6.2 Other Financial Assets	As at March 31, 2021	As at March 31, 2020
Bank Deposit with Maturity above 12 months including interest thereon	715.72	355.73
Total	715.72	355.73

*Out of total Rs. 232.58 Lakhs (PY Rs. 235.02 Lakhs) is held as margin money with government departments and others.

7 Deferred Tax Liability/assets	As at March 31, 2021	As at March 31, 2020
Deferred tax liability	(3,707.79)	(3,544.07)
Deferred tax assets	5,697.04	5,199.16
MAT Credit Entitement	1,680.06	1,680.06
Total	3,669.31	3,335.15

(i) Movement in deferred tax items

FY 2020-21	Balance as on 01-04-2020	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	Balance as on 31-03-2021
Deferred tax (liability)/asset in relation to Depreciation on Property, plant & equipment	(4,092.40)	396.60		(3,695.80)
Provision for doubtful trade receivables	166.94	33.05		199.98
Borrowings - Processing Fees	(42.79)	30.79		(12.00)
Expenses allowed on payment basis	415.84	(105.88)	(20.40)	289.56
Recognition of DTA on unabsorbed depreciation	5,207.50	-		5,207.50
Deferred tax Assets/(Liability)	**1,655.09**	**354.55**	**(20.40)**	**1,989.25**
MAT Credit Entitlement	1,680.06			1,680.06
Net Deferred tax Assets/ (Liability)	**3,335.15**	**354.55**	**(20.40)**	**3,669.31**

FY 2019-20	Balance as on 01-04-2019	Recognised in Statement of Profit & Loss	Recognised in other comprehensive income	Balance as on 31-03-2020
Deferred tax (liability)/asset in relation to Depreciation on Property, plant & equipment	(3,737.58)	(354.82)		(4,092.40)
Provision for doubtful trade receivables	9.00	157.94		166.94
Borrowings - Processing Fees	(25.63)	(17.16)		(42.79)
Expenses allowed on payment basis	188.60	247.39	(20.15)	415.84
Recognition of DTA on unabsorbed depreciation	3,530.06	1,677.44		5,207.50
Deferred tax Assets/(Liability)	**(35.55)**	**1,710.79**	**(20.15)**	**1,655.09**
MAT Credit Entitlement	1,680.06			1,680.06
Net Deferred tax Assets/ (Liability)	**1,644.51**	**1,710.79**	**(20.15)**	**3,335.15**

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As a matter of prudence, The Company continues to carry Deferred tax assets of Rs. 5,697.04 lakhs as at March 31, 2021 (restricted to deferred tax assets on unabsorbed depreciation of Rs. 5,207.50 Lakhs created up to March 31, 2020). In past the company had incurred losses mainly due to depress in the automobile sector, however the management is hopeful to earn adequate profits in future to utilise deferred tax assets.

(All amounts are in lakhs unless otherwise stated)

8 Income tax asset (Net)	As at March 31, 2021	As at March 31, 2020
Income Tax Assets		
Tax refund receivable (net of provision)	49.60	455.73
Total	49.60	455.73

9 Other Non Current Assets	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
- Capital advance		
'Suppliers / Contractors	447.11	81.14
-Balance deposit with government authorities under protest	27.43	27.42
Total	474.54	108.56

10 Inventories* (Valued at cost or net realisable value,unless otherwise stated) (Refer note i of note no 3) (As taken, valued and certified by the management)	As at March 31, 2021	As at March 31, 2020
a) Raw materials	1,241.01	1,485.60
b) Work-in-progress	3,128.49	2,326.43
c) Finished goods	407.78	224.56
d) Stores and spares	3,970.49	4,476.89
e) Others (Scrap)	103.86	85.57
* Refer note no 39-I & II for charges		
Total	8,851.63	8,599.05

i) **Inventory Physical verification and inventory consumption**

Due to non- updation of Bill of material (BOM), setting up of new production facilities and expansion of the customer base, quantitative variance were observed between physical and book records.Variance as observed has been considered as consumption of material for the preparation of the financial statements.

11 Financial Asset: Current	As at March 31, 2021	As at March 31, 2020
11.1 Trade Receivables		
Unsecured, Considered good		
-From related party	25.10	-
-From others	6,713.31	7,143.51
-Unsecured, Considered doubtful	623.64	477.75
Less:Allowance for doubtful debts*	(623.64)	(477.75)
Total	6,738.41	7,143.51

Refer note no.40 (B)
*Refer note no-39 (I), II & 44.

11.2 Cash & cash equivalents	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in Current Accounts*	5,320.21	316.75
Cash in hand	7.13	4.61
Total	5,327.34	321.36

*Refer note 14.1 (iii)

11.3 Bank Balance,other than cash & cash equivalents	As at March 31, 2021	As at March 31, 2020
Earmarked balance		
-unpaid dividend	23.44	31.19
Other Balance		
- in fixed deposit (original maturity exceeding three months but upto one year)*	844.61	383.42
Total	868.05	414.61

*It includes fixed deposits lodged as security with banks for credit limit

11.4 Loans	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Loans to empoyees	16.76	37.32
	16.76	37.32

11.5 Others Financial Asset	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Unbilled Revenue	157.61	27.26
Other Advances	144.67	-
Total	302.28	27.26

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(All amounts are in lakhs unless otherwise stated)

12 Other Current Asset

	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	167.29	168.29
Advances to employee	7.54	2.02
Advances other than capital advances	1,234.77	928.87
Balance with government authorities	81.68	950.90
Power Open Access Receivable	71.98	96.71
Budgetory support from Government	1,149.49	1,149.49
Others	47.92	46.23
Total	2,760.67	3,342.51

13 Equity Share Capital

	As at March 31, 2021	As at March 31, 2020
Authorised Share Capital		
12,50,00,000 (previous year- 12,50,00,000) equity shares of Rs. 2 /- each	2,500.00	2,500.00
Issued, Subscribed and Fully Paid Up		
10,00,00,000 (previous year- 10,00,00,000) equity shares of Rs 2/- each	2,000.00	2,000.00
Total	2,000.00	2,000.00

		As at March 31, 2021	As at March 31, 2020
(i)	Reconciliation of number and amount of equity shares outstanding:	No. of Shares	No. of Shares
	At the beginning of the year	10,00,00,000	10,00,00,000
	Changes during the year	-	-
	Outstanding at the end of the year	10,00,00,000	10,00,00,000

Terms & right attached to equity shares

a) The Company has only one class of equity shares having par value of Rs. 2/- per share. Each shareholder equity shares is entitled to one vote per share. The company declares dividends in Indian Rupees. During the year ended March 31, 2021, the amount of dividend per share recognised as distributed to equity shareholder was Rs NIL (March 31, 2020 Rs NIL)

b) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.-Nil

c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of the preferencial amount,if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) **Details of shareholders holding more than 5% shares in the company**

Particulars	As at March 31, 2021	As at March 31, 2020
Dayanand Munjal Investments Pvt Ltd (holding company)		
No. of Shares	7,47,95,950	7,47,95,950
% of Holding	74.80%	74.80%

As per the records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

14 Financial Liability : Non Current

14.1 Borrowing

	As at March 31, 2021	As at March 31, 2020
Term loans:		
i. From banks-Secured	28,732.98	23,222.26
Less: Shown in current maturities of long term borrowings*	(7,058.71)	(3,727.29)
ii. From others-Secured	1,109.00	-
Less: Shown in current maturities of long term borrowings*	-	-
iii. From others-Unsecured	702.47	1,951.49
Less: Shown in current maturities of long term borrowings*	(679.37)	(1,013.99)
iii. From related parties -Unsecured	3,860.00	-
Less: Shown in current maturities of long term borrowings*	(2,110.00)	-
IND AS Adjustment	(24.97)	(59.30)
Total	24,531.40	20,373.17

* Amount disclosed under the head 'other financial Liabilities' note no. 17.3

(i) Note: Refer note -39 -I & II for borrowing terms and repayment of loan

(ii) Note: Refer note -39 -III for defaults made in repayment of loans.

(iii) Note: During the year, Government has notified the Emergency Credit Line Guarantee Scheme (ECLGS) to support the borrower to bridge the gaps in working capital requirement which was affected due to pandemic. During the year, the company has availed Rs. 7,949.00 Lakhs under the said scheme. As per the ECLGS Scheme, Yes Bank (one of the lenders) has provided the loan and the same is not being disbursed/adjusted with the existing borrowings. The above said loan is being carried in a current account maintained with the bank for future adjustment.

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

SHIVAM AUTOTECH LIMITED

(All amounts are in lakhs unless otherwise stated)

15 Provision	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity	382.65	330.86
- Leave Encashment	305.14	331.43
Total	687.79	662.29

Refer note no.36

16 Other non-current liabilities	As at March 31, 2021	As at March 31, 2020
Deferred Income - Government Grant	24.55	25.45
Total	24.55	25.45

17 Financial Liability : Current

17.1 Short Term Borrowings	As at March 31, 2021	As at March 31, 2020
Secured - at amortised cost		
Bank		
- Cash Credit	2,375.43	3,201.45
- Working Capital Demand Loan	7,819.88	11,100.00
Other		
- Working Capital Demand Loan	3,500.00	3,500.00
Total	13,695.31	17,801.45

Note: Refer note -39 II for borrowing terms and repayment of loan

17.2 Other trade Payables	As at March 31, 2021	As at March 31, 2020
a) Micro, small and medium enterprises (Refer note no 33)	1,388.21	1,367.71
b) Due to related party	627.68	281.85
c) Others	5,839.70	8,529.30
Total	7,855.59	10,178.86

17.3 Other Financial Liabilities	As at March 31, 2021	As at March 31, 2020
Current maturities of long term debt		
'a) From Banks	7,058.71	3,727.29
'b) From others	679.37	1,013.99
'c) From related parties	2,110.00	-
Security Deposit	52.36	52.81
Interest accrued and due on borrowings	151.68	-
Interest accrued but not due on borrowings	411.31	278.46
Retention Money	15.53	15.53
Unpaid Dividend*	23.44	31.19
Other Payables		
a) Capital Creditors	201.72	1,229.09
b) Accrued salary & Benefits **	569.01	389.98
c) Others	997.04	495.85
Total	12,270.17	7,234.20

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.
** Includes Rs. 8.44 lakhs due to related parties (previous year Rs 11.48 lakhs)
Note: Refer note -39 -III for defaults made in repayment of loans.

18 Other current Liability	As at March 31, 2021	As at March 31, 2020
Withholding and other taxes	1,929.78	999.63
Advance from Customers	346.15	636.83
Deferred Income - Government Grant	0.91	0.91
Total	2,276.84	1,637.37

19 Provision for employee benefits	As at March 31, 2021	As at March 31, 2020
- Gratuity	8.45	7.68
- Leave Encashment	8.96	8.14
Total	17.41	15.82

Refer note no.36

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

(All amounts are in lakhs unless otherwise stated)

20	Revenue From Operation	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	a) Sales of products	46,631.42	57,031.34
	b) Other operating revenues		
	From scrap sale	2,027.80	1,550.12
	Sales - Others	81.93	128.42
	From Job work	-	73.37
		2,109.73	1,751.91
	Total Revenue From Operations	**48,741.15**	**58,783.25**

21	Other Income	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	a) Interest Income from bank deposits and others	54.93	37.66
	b) Gain on foreign exchange fluctuation	178.62	-
	c) Miscellaneous receipts	116.63	58.64
	d) Profit on sale of property, plant and equipment's (net)	-	6.15
	e) Interest income at amortized cost	0.58	1.07
	f) Government grant	0.91	0.91
		351.67	104.43

22	Cost of Material Consumed	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Opening balance of the raw material inventory	1,485.60	1,634.36
	Add : Purchases during the year	16,551.43	23,922.07
		18,037.03	25,556.43
	Less: Closing balance of the raw material inventory	1,241.01	1,485.60
	Total cost of raw materials consumed	16,796.02	24,070.83

23	(Increase) / Decrease in Stocks	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Opening balance of the Inventories		
	Work - in - process	2326.43	3,336.32
	Finished goods	224.56	406.78
	Process scrap	85.57	43.36
		2,636.56	3,786.46
	Closing balance of the Inventories		
	Work - in - process	3,128.49	2,326.43
	Finished goods	407.78	224.56
	Process scrap	103.86	85.57
		3,640.13	2,636.56
	Net (Increase) / Decrease in Stocks	(1,003.57)	1,149.90
	Refer note no.34		

24	Employee benefit expenses	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Salaries, wages, allowances & commission including gratuity and retirement benefits	5490.30	5348.85
	Contribution to provident and other funds (Refer note no. 36(B)(v))	310.98	321.34
	Staff welfare expenses	340.10	458.43
		6,141.38	6,128.62

25	Finance cost	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Interest on term loans	3,140.73	2,797.22
	Interest on cash credit	1,719.33	1,778.51
	Interest others (including cash discount)	658.92	500.72
	Interest on lease liabilities	96.72	113.82
	Other Borrowing Cost*	67.86	116.10
	Total Finance cost	5,683.56	5,306.37
	*Mainly consist of loan processing facilities from bank.		

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(All amounts are in lakhs unless otherwise stated)

26	Depreciation and Amortization	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
a)	Depreciation of tangible assets	4,692.26	5,158.64
b)	Amortization of Right-of use assets	116.51	147.77
c)	Amortization of intangible assets	63.51	74.83
	Total Depreciation and Amortization Expenses	4,872.28	5,381.24

27	Other expenses	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
	Power and fuel consumption	3,587.30	3,923.16
	Packing material consumption	187.89	187.29
	Repair and maintenance on		
	- Machinery	675.15	740.95
	- Building	228.14	234.06
	- Other	151.91	192.08
	Lease rent	28.65	55.21
	Wages to contractors	4,382.84	4,339.80
	Rates and taxes	82.68	64.66
	Corporate social responsibility expenses (Refer note no 2 below)	2.00	4.90
	Loss on sale of property, plant and equipment (net)	32.81	-
	Insurance	321.56	321.59
	Legal and professional	130.27	211.21
	Payment to auditor (Refer note no 1 below)	19.51	18.39
	Foreign Exchange losses (net)	-	68.58
	Travelling and conveyance	251.75	576.10
	Printing and stationery	1.08	2.11
	Postage, telegram and telephones	15.71	24.70
	Selling expenses	37.46	137.95
	Board & secretarial expenses	43.94	55.83
	Security expenses	210.82	277.05
	Freight and forwarding charges	541.15	623.54
	Provision for doubtful debts	145.90	452.00
	Miscellaneous expenses	210.57	138.47
	Total Other Expenses	11,289.09	12,649.63

Note 1: Payment to auditor

As auditor:		
-Audit Fee	10.50	11.16
-Limited review	4.50	4.50
-Certification/other services	4.00	1.40
Reimbursement of expenses	0.51	1.33
	19.51	18.39

Note 2: Corporate rocial responsibility expenses

Details of expenditure on corporate social responsibility activities as per Section 135 of Companies Act , 2013.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Gross amount required to be spent by the company during the year	-	-
2. Amount spent during the year		
Education	2.00	3.70
Others	-	1.20
	2.00	**4.90**

28	Tax Expense	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
(a)	Current tax	-	-
	Deferred Tax	(354.55)	(1,710.79)
	Deferred Tax - Ind AS	20.40	20.15
	Earlier year tax adjustment	154.51	-
		(179.64)	(1,690.64)

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

(All amounts are in lakhs unless otherwise stated)

(b) Reconcilation of effective tax rate

	For the year Ended March 31, 2021	For the year Ended March 31, 2020
Tax expense		
Profit before tax	(2,452.63)	(5,424.23)
Add: Interest on Tax as grouped in finance cost		
Less: Other comprehensive income	20.40	20.15
Add: Ind AS Adjustment	35.48	62.52
	(2,396.75)	**(5,341.55)**
	(2,396.75)	**(5,341.55)**
Applicable tax rate	34.944%	34.944%
Computed tax expense	(837.52)	(1,866.55)
Total Tax Expense	**(837.52)**	**(1,866.55)**
Adjustments for:		
Income exempt for tax purpose		
Expenses not allowed for tax purpose	61.26	182.04
Brought forward unabsorbed depreciation setoff	-	-
Changes in recognized deductible temporary differences	3.26	45.15
Other Tax Adjustments	438.86	(51.28)
Earlier year tax adjustment	154.51	-
Net adjustments	**657.88**	**175.92**
Tax Expense	**(179.64)**	**(1,690.64)**

29 Other Comprehensive Income

	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Item that will not be reclassified to profit or loss		
Re-measurement of defined benefit plans	58.37	(57.67)
Income tax relating to items that will not be reclassified to profit or loss	(20.40)	20.15
Total Other Comprehensive Income	37.97	(37.52)

30 Earning per Share

	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Net profit for calculation of basic and diluted EPS (Rs. In Lakhs)	(2,252.56)	(3,713.44)
Total number of equity shares outstanding at the end of the year	10,00,00,000	10,00,00,000
Weighted average number of equity shares in calculating basic and diluted EPS	10,00,00,000	10,00,00,000
	(2.25)	(3.71)

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

Notes to the financial statements for the year ended March 31, 2021

31 Contingent Liabilities (not provided for) in respect of:

(All amounts are in lakhs unless otherwise stated)

S.N.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Letter of credit opened by banks	-	1,183.37
b)	PF Liability where the cases are pending at various stages of appeal with the authorities	70.00	70.00
c)	Bank Guarantees	14.16	-
d)	Sales tax demands financial year 2014-15	247.01	-
e)	Sales tax demands for financial year 2015-16 (including interest).	30.71	-
f)	Sales tax demands for financial year 2016-17	107.19	
g)	Traces demands **	17.39	-
h)	Income tax demands where the cases are pending at various stages of appeal with the authorities	-	534.91

Interest on above demands is not computed and demanded by the department, therefore interest amount is not included above except otherwise stated.

** The Traces demands have been extracted from the traces online portal.

Contingent liabilities and claims against the Company not acknowledged as debts related to various matters (Refer Note (a) below)

a) i) The company assesses it's obligation arising in the normal course of business including pending litigation, proceeding with tax authorities and other long-term contracts. A provision for material foreseeable losses is recognised in accordance with the applicable accounting standards. Disclosure of contingent liabilities is made as applicable.
ii) Based on favourable decision in similar cases, the company believes that there is a fair chance of favourable decision in respect of the items listed above and hence no provision is considered necessary against the same.

32 Commitments:

S.N.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,115.96	728.59
b)	Estimated amount of contracts remaining to be executed on other than capital account and not provided for (net of advances)	-	-

Notes to the financial statements for the year ended March 31, 2021

33 Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006 to the extent of information available with the Company

S.N.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Principal amount and Interest due thereon remaining unpaid to any supplier as at end of each accounting year	1,533.09	1,432.71
b)	Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
c)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d)	the amount of interest accrued and remaining unpaid	144.88	65.00
e)	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 as a deductible expenditure under section 23 of this Act.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

34 **Details of Opening and Closing Inventory of Finished Goods:**

S.N.	Class of Product	Year ended March 31, 2021	Year ended March 31, 2020
a)	**Opening stock**		
	Gear Components	224.56	406.78
b)	**Closing stock**		
	Gear Components	407.78	224.56

Notes to the financial statements for the year ended March 31, 2021.

(All amounts are in lakhs unless otherwise stated)

35 Segment Information

(i) General Disclosure

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers. Hence there is only one identified reportable segments as per Ind As 108 - Segment reporting.

The above reportable segments have been identified based on the significant components of the enterprise for which discrete financial information is available and are reviewed by the Chief operating decision maker (CODM) to assess the performance and allocate resources to the operating segments.

(ii) Entity wide disclosure required by IND AS 108 are made as follows:

a) Revenues from sale of products to external customers

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
India	46,971.53	57,888.40
Outside India	1,769.62	894.85
	48,741.15	**58,783.25**

b Segment Assets

Total of non-current assets other than financial instruments, and deferred tax assets broken down by location of the assets, is shown below

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
India	43,511.56	47,749.36
Outside India	-	-

(iii) Information about major customers:

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	**Percentage**	**Amount**	**Percentage**
Hero Moto corp Limited	26,852.75	55%	36,017.83	61%

36 Employee Benefits - Gratuity & Post employement benefits

The Company has classified the various benefits provided to employees as under:-

A. Defined Contribution Plan

The Company makes contribution to statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively .This is post-employment benefit and is in the nature of defined contribution plan.

B. Defined Benefit Plan

Gratuity (being partly administered by a Trust) is computed as 15 days salary, for every recognized retirement / termination / resignation. The Gratuity plan for the company is a defined benefit scheme where annual contributions as per actuarial valuation are charged to the Statement of profit and loss.

The Company also has a leave encashment scheme with defined benefits for its employees. The Company makes provision for such liability in the books of accounts on the basis of year end actuarial valuation. No fund has been created for this scheme.

For summarizing the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans, the details are as under

Notes to the financial statements for the year ended March 31, 2021.

(All amounts are in lakhs unless otherwise stated)

A. Statement of profit and loss

Net employee benefit expense

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave encashment	Gratuity (Funded)	Leave encashment
Current Service cost	89.06	28.22	82.10	35.18
Net Interest cost	23.17	23.24	16.55	25.09
Expenses recognized in the statement of profit & loss	112.23	74.12	98.65	97.91

B. Balance Sheet

(i) Details of Plan assets/ (liabilities) for gratuity and Leave Encashment

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave encashment	Gratuity (Funded)	Leave encashment
Defined benefit obligation	1,075.45	314.10	1,004.51	339.56
Fair value of plan assets	684.35	-	665.97	-
Net Asset/(Liability) recognized in the Balance Sheet	(391.10)	(314.10)	(338.54)	(339.56)

(ii) Changes in the present value of the defined benefit obligation are as follows:

(All amounts are in lakhs unless otherwise stated)

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave encashment	Gratuity (Funded)	Leave encashment
Opening defined benefit obligation	1,004.51	339.56	828.68	325.20
Interest cost	68.76	23.24	63.94	25.09
Current service cost	89.06	28.22	82.10	35.18
Past service cost	-	-	-	-
Benefit paid	(26.88)	(99.37)	(28.95)	(83.54)
Actuarial (gains)/losses on obligation	(60.00)	22.44	58.74	37.63
Closing defined benefit obligation	1,075.45	314.09	1,004.51	339.56

(iii) Changes in the fair value of plan assets (gratuity) are as follows:

Particulars	2020-21	2019-20
Opening fair value of plan assets	665.97	614.15
Actual return on Plan Assets	45.59	47.39
Contribution during the year	1.30	3.48
Benefit paid	(26.88)	(28.95)
Return on plan assets , excluding amount recognised in net interest expense	(1.63)	1.07
Acquisition Adjustment	-	28.83
Closing fair value of plan assets	684.35	665.97

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Notes to the financial statements for the year ended March 31, 2021.

(All amounts are in lakhs unless otherwise stated)

(iv) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	2020-21 %	2019-20 %
Discount rate (%)	6.80%	6.85%
Expected salary increase (%)	6.00%	6.00%
Demographic Assumptions		
Mortality rate (% of IALM 06-08)	100%	100%
Retirement Age (year)	58 Years	58 Years
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	3.00%	3.00%
31 - 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The above information is certified by Actuary.

v. Contribution to defined contribution plans:

Particulars	**2020-21**	**2019-20**
Provident fund	292.87	305.44
Employee State Insurance	10.59	14.90
Labour welfare fund	7.52	1.00
	310.98	**321.34**

vi Sensitivity analysis of the defined benefit obligation:

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave encashment	Gratuity (Funded)	Leave encashment
Impact of the change in discount rate				
Present value of obligation at the end of the period	1,075.46	314.32	1,004.51	339.57
Impact due to increase of 0.50%	472.64	138.62	438.98	148.98
Impact due to decrease of 0.50%	615.05	179.29	577.91	194.78
Impact of the change in salary increase				
Present value of obligation at the end of the period	1,075.46	314.32	1,004.51	339.57
Impact due to increase of 0.50%	614.53	179.24	577.45	194.75
Impact due to decrease of 0.50%	471.62	138.32	437.96	148.65

Sensitivities due to mortality & withdrawals are insignificant & hence ignored.

vii Other comprehensive income (OCI):

Particulars	2020-21		2019-20	
	Gratuity (Funded)	Leave encashment	Gratuity (Funded)	Leave encashment
Actuarial (gains) / losses				
- changes in demographic assumptions	-	-	(0.29)	-
- changes in financial assumptions	7.05	-	108.70	-
- experience variance (i.e. Actual experience vs assumptions)	(67.05)	-	(49.67)	-
- others	-	-	-	-
Return on plan assets, excluding amount recognised in net expense	1.63	-	(1.07)	-
Re-mearurement (or Actuarial) (gain)/ loss arising because of change in effect of asset ceiling	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	(58.37)	-	57.67	-

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37 **Related Party Transaction**

a) List of Related Parties (as certified by the management)

(i) Key Managerial Personnel

Mr. Neeraj Munjal, Managing Director
Dr. Anil Kumar Gupta, Non-Executive Director w.e.f. 09.08.2019
Mrs. Charu Munjal, Whole Time Director
Mr. Davendra Ujlayan, VP- Finance
Mr. Dinesh Kumar Mishra, AGM- Finance from 10.02.2020 to 02.09.2020
Ms. Shivani Kakkar, Company Secretary upto 25.01.2020
Ms. Samta Bajaj, Company Secretary w.e.f 10.02.2020
Mrs. Jyothi Prasad, Independent Director w.e.f. 13.11.2019
Dr. Vinayshil Gautam- Independent Director, upto 25.09.2019
Mr. Sunil Chinubhai Vakil, Independent Director w.e.f. 21.12.2020
Mr. Sunil Kant Munjal- Independent Director, upto 24.09.2020
Mr Bhagwan das Narang-Independent Director

(ii) Holding Company

Dayanand Munjal Investments Private Limited

(iii) Enterprises over which key management personnel and their relatives are able to exercise significant influence

Munjal Showa Limited
Pushti Metal Industries LLP
Earthly Possessions
Sunil Vakil Associates

b) The following transactions were carried out with related parties in the ordinary course of business:

Nature of transaction	Key management personnel		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sale of Goods & Services						
Munjal Showa Limited			601.52	1,308.16	601.52	1,308.16
Pushti Metal Industries LLP			5.02	-	5.02	-
Purchase of goods and services						
Munjal Showa Limited			0.15	3.60	0.15	3.60
Pushti Metal Industries LLP			874.58	1,104.27	874.58	1,104.27
Earthly Possessions			802.16	885.21	802.16	885.21
Sunil Vakil Associates		-	8.25	-	8.25	-
Finance Cost						
Munjal Showa Limited			11.23	-	11.23	-
Dayanand Munjal Investment Pvt. Ltd.			279.62	-	279.62	-
Loans Taken						
Dayanand Munjal Investment Pvt. Ltd.			3,500.00	-	3,500.00	-
Munjal Showa Limited			560.00	-	560.00	-
Loans Repaid						
Munjal Showa Limited			200.00	-	200.00	-
Salary & perquisites						
Neeraj Munjal	176.06	176.06			176.06	176.06
Anil Kumar Gupta	-	35.63			-	35.63
Charu Munjal	80.21	80.06			80.21	80.06
Davendra Ujlayan	54.47	55.37			54.47	55.37
Dinesh Mishra	14.99	2.44			14.99	2.44
Shivani Kakkar	-	8.06			-	8.06
Samta Bajaj	4.48	0.68			4.48	0.68
Sitting fees						
Dr. Vinayshil Gautam	-	3.60			-	3.60
Mr. Sunil Kant Munjal	1.50	3.30			1.50	3.30
Mr Bhagwan das Narang	6.90	7.50			6.90	7.50
Dr. Anil Kumar Gupta	6.60	3.30			6.60	3.30
Mr. Sunil Chinubhai Vakil	1.50	-			1.50	-
Ms. Jyothi Prasad	6.00	1.80			6.00	1.80

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(All amounts are in lakhs unless otherwise stated)

c) Balances Outstanding at Year End:

Nature of transaction	Key management personnel		Enterprises over which key management personnel and their relatives are able to exercise significant influence		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Trade Receivable:						
Munjal Showa Limited			25.10	(7.70)	25.10	(7.70)
Trade Payable:						
Munjal Showa Limited			4.16	4.01	4.16	4.01
Pushti Metal Industries LLP			243.10	102.92	243.10	102.92
Earthly Possessions			380.42	174.92	380.42	174.92
Sunil Vakil Associates	2.90	-			2.90	-
Salary & perquisites payable:						
Neeraj Munjal	4.75	7.45			4.75	7.45
Charu Munjal	3.69	4.03			3.69	4.03
Anil Kumar Gupta	-	-			-	-
Borrowings:						
Dayanand Munjal Investment Pvt. Ltd.			3,500.00	-	3,500.00	-
Munjal Showa Limited			360.00	-	360.00	-
Interest Payable:						
Dayanand Munjal Investment Pvt. Ltd.			279.62	-	279.62	-
Munjal Showa Limited			5.56	-	5.56	-

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholder's approval, wherever necessary.

The sales to and purchases from related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

Gratuity and leave liability is determined for all the employees on an overall basis, based on the actuarial valuation done by an independent actuary. The specific amount of gratuity and leave liability for KMP cannot be ascertained separately, except for the amount actually paid.

The above transactions for sale and purchase of goods and services are inclusive of GST, wherever applicable.

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38 Operating Lease

(a) **Operating lease arrangements**
Office premises are taken on operating lease. There is no escalation clause in the lease agreement

(b) **Future minimum rentals payables under non-cancellable operating lease:**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	126.32	126.32
Later than one year and not later than five years	582.89	525.23
Later than five years	494.38	980.23
Total	**1,203.59**	**1,631.78**

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(All amounts are in lakhs unless otherwise stated)

39 Summary of borrowing arrangement

I Long Term Borrowings

From Bank

Particulars	As at March 31, 2021	As at March 31, 2020	Rate of interest	Security	Repayment terms
HDFC Bank - 55 Cr	1,717.50	2,000.00	10.00%	1. First pari passu on fixed assets of all plants except Manesar with other lenders, Exclusive charge on movable fixed asset of manesar Plant 2. First pari passu charge on present and future current assets of the Company Plants at Binola, Haridwar and Manesar. 3. First pari passu charge on equitable mortgage of factory land and building located at Binola, Haridwar, Rohtak and Bangalore Plant.	Repayable in 36 monthly installment beginning from October, 2020
HDFC Bank - ECLGS	1,100.00	-	8.20%	1. Current Assets of the Company (Both Present and Future). 2. Movable Fixed assets of the Company at Binola Plant. Extension of second ranking charge over existing primary and collateral securities including mortgages created in favour of the Bank.	Repayable in 48 Monthly Equal installments beginning from March, 2022
HDFC Bank - Other Loan	49.88	-	12.00%	Funded Interest Term Loan	One Time Repayment at maturity date of loans on 23-September-2023
RBL Bank - 26 Cr	576.06	780.95	9.55%	First pari passu charge by the way of hypothecation on entire movable fixed assets (Plant and Machinery) of the Haridwar Plant First pari passu charge by the way of equitable mortgage on entire fixed assets (Land and Building) of the Haridwar Plant	Repayable in 42 monthly installment beginning from March, 2020
Total	**28,732.98**	**23,222.26**			

From Others

Binola Plant

Hero Fin Corp Limited	702.47	1,562.50	11.90%	Unsecured	Repayable in 9 quarterly installment beginning from July 2019
Hero Fin Corp Limited	-	388.99	11.50%	Unsecured	Repayable in 37 monthly installment beginning from August, 2017
Hero Fin Corp-ECLGS	1,109.00	-	14.00%	Second Pari Passu charge on the present and future current assets of Binola and Haridwar Plant	Repayable in 48 Monthly Equal installments beginning from April, 2022
Dayanand Munjal Investments Private Limited	3,500.00	-	10.50%	Unsecured	Repayable in 4 Half Yearly installments after moratorium period of 1 year
Munjal Showa Limited	360.00	-	12.00%	Unsecured	Repayable in 4 Equal installments payable on 10th and 25th of each month by way of 2 equal monthly installments beginning from 10th April 2021
	5,671.47	**1,951.49**			
Ind As Impact	(24.97)	(59.30)			
Total	**34,379.48**	**25,114.45**			

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39 Summary of borrowing arrangement

I Long Term Borrowings

From Bank

Particulars	As at March 31, 2021	As at March 31, 2020	Rate of interest	Security	Repayment terms
IDFC bank	1,439.96	1,919.53	11.75%	First parri passu charge on the present and future Moveable Assets situated at Haridwar Plant	Repayable in 18 quarterly installments beginning from August,2017
IDFC bank-15Cr	1,168.43	1,250.00	10.85%	First charge on entire fixed assets of Haridwar Plant (including land and building) excluding plant and machinery exclusively charged to other lenders.	Repayable in 66 Monthly Equal installments beginning from May,2019
IDFC bank-28.5Cr	1,445.25	1,708.16	10.85%	First charge on entire fixed assets of Haridwar Plant (including land and building) excluding plant and machinery exclusively charged to other lenders.	Repayable in 49 Monthly Equal installments beginning from Oct,2018
IDFC bank-ECLGS	1,640.00	-	9.25%	Second Pari Passu charge on- 1. Current Assets both present and future. 2. Fixed Assets of Haridwar Plant including Land and Building, except exclusively charged to other lenders.	Repayable in 48 Monthly Equal installments beginning from April, 2022
ING Vysya	786.92	1,485.00	10%-11%	First pari passu on entire fixed assets of Rohtak & Banglore Plant, respectivly with other lenders.	Repayable in 19 quarterly installments beginning from December,2016
Yes Bank - 50Cr	2,943.52	3,400.00	9%-10.5%	Exclusive charge on all the Assets procured out of Term Loan proceeds (1.2x to be maintained)	Repayable in 22 quarterly installments beginning from June,2018
Yes Bank - 50Cr	4,271.72	4,365.00	8.50%-9.50%	First pari passu charge on Immovable & Movable Fixed Assets of Bangalore and Rohtak Plant (both present and future)	Repayable in 24 quarterly installments beginning from December,2018
Yes Bank - 100Cr	7,493.74	6,313.62	9.5%-10.5%	1. Exclusive charge on all Moveable Fixed Assets of Binola Plant 2. First Pari passu charge on all Fixed Assets of Bangalore and Rohtak Plant 3. First Pari Passu charge on all Fixed Assets of Haridwar plant.	Repayable in 24 quarterly installments beginning from June,2020
Yes Bank - ECLGS	4,100.00	-	9.00%	1. Exclusive charge on Current assets financed through the said WCTL facility. 2. Second Charge on entire Current Assets of Rohtak & Bangalore plant. 3. Second Charge on existing charge on entire Current Assets of Binola and Haridwar Plants. 4. Second charge on entire Moveable Fixed Asssets of Binola Plant. 5. Second Charge on existing charge on Immvovable & entire Moveable Fixed Assets of Rohtak and Bangalore plants. 6. Second charge on all the assets procured out of proceeds of Term Loan 2, 4 & 5 of the Borrower.	Repayable in 48 Monthly Equal installments beginning from March, 2022

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II Short Term Borrowings

From Bank - Cash Credit / Working Capital Demand Loan

Particulars	As at March 31, 2021	As at March 31, 2020	Security
Binola			
IDBI Bank	(4.97)	-	
Hero Fin Corp	3,500.00	3,500.00	First pari-passu charge on present and future current assets of plants situated at Binola and Haridwar.
Kotak Mahindra Bank	-	-	
Haridwar			
IDFC Bank	1,679.72	4,039.90	1. First Pari Passu charge on Current Assets of Haridwar Plant- 45 cr 2. Exclusive charge on all the current assets of Rohtak Plant-5 cr
Others			
HDFC Bank	1,666.50	2,774.20	First pari passu charges on the current asset of Binola & Haridwar plant along with the other working capital bankers.
Yes bank	6,854.06	7,487.35	Exclusive charges on all the current assets of Bengaluru plant and first pari pasu charge on all the current assets of Binola & Haridwar plant of the Borrower (Present & future)
Total	**13,695.31**	**17,801.45**	

III Delay in repayment of borrowings (current and non current) and interest

Amount represents Rs. in lakhs and period represents maximum days

Sr.	Name of lender	Borrowings/Principal Outstanding as at March 31, 2021		Interest Outstanding as at March 31, 2021		Remarks
		Amount	Period (in days)	Amount	Period (in days)	
1	Hero Fin Corp - 25 CR	-	-	40.76*	-	
2	Hero Fin Corp - 30 CR	-	-	22.53*	-	
3	Hero Fin Corp-ECLGS	-	-	12.94	1	Subsequently re-paid on 05-04-2021
4	Hero Fincorp-Working Capital Demand Loan	3,500.00	4	-	-	Subsequently re-paid on 31-05-2021
5	Hero Fincorp-Working Capital Demand Loan	-	-	33.54	4	Subsequently re-paid on 18-05-2021
6	Hero Fincorp-Working Capital Demand Loan	-	-	5.61*	-	
7	Yes Bank - 100Cr	85.24	21	-	-	Subsequently re-paid on 19-04-2021
8	Yes Bank - 50Cr -Term Loan -2	194.00	23	-	-	Subsequently re-paid on 19-04-2021
9	Yes Bank - ECLGS	-	-	31.34	1	Subsequently re-paid on 19-04-2021
10	Yes Bank -Funded Interest Term Loan	50.18	1	0.33	1	Subsequently re-paid on 19-04-2021
11	Yes Bank -Funded Interest Term Loan	10.10	23	-	-	Subsequently re-paid on 19-04-2021
12	Yes Bank -Funded Interest Term Loan	3.85	3	-	-	Subsequently re-paid on 19-04-2021
13	RBL Bank	19.05	1	4.63	1	Subsequently re-paid on 04-04-2021

* overdues days has not been calculated as overdue charges imposed by the lenders on various dates.

Due to disruption in the operations owing to the outbreak of Covid-19 pandemic, liquidity profile of the company weakened resulting in delays in debt servicing. The liquidity position is delicately poised due to high working capital utilization and working capital intensive nature of operations and cyclical nature of auto sector.
In order to overcome stress owing to COVID 19 situation, the Company had proposed debt resolution under the RBI notification on the one-Time Resolution Framework for COVID-19-related Stress dated August 6, 2020 read together with the RBI notification on Resolution Framework for COVID-19-related Stress – Financial Parameters dated September 7, 2020 to lenders ("OTR"). For the same, the Company discuss the way forward through OTR and subsequently a formal request for invocation of OTR framework was shared with the lenders on September 27, 2020.
Thereafter, owing to stress on account of COVID-19, the Indian government announced the Emergency Credit Line Guarantee Scheme ("ECLGS") under the third tranche of the "Atmanirbhar Bharat Package" on November 12, 2020, which allowed 100% guaranteed collateral free pre-approved sanction limit of up to 20% of outstanding as on February 29, 2020. Considering the revival in the industry and Company witnessing a turnaround, Company in discussions with its lenders decided to withdraw its OTR proposal and opt for the ECLGS facility in December 2020. Post submission of its request for withdrawing from OTR scheme, Company had cleared its outstanding with all the lenders. Further, the Company has over dues as on March 31, 2021, which was also cleared within 30 days.
Considering the fulfilment of conditions and compliances framed under the ECLGS, there were delays in servicing the loans. However these had not impacted the implementation of the Scheme and the said scheme was successfully implemented before March 31, 2021.

40 Financial Risk Management

Financial risk management objectives and policies:

The Company, as an internationally active supplier for the automobile industry expose its business and products to various market risks, credit risk and liquidity risk. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's senior management oversees the management of these risks and devise appropriate risk management framework for the Company. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.
Below notes explain the sources of risks in which the Company is exposed to and how it manages the risks:

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A **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the risk of movements in interest rates, inventory price and foreign currency exchange rates that affects its assets, liabilities and future transactions. The Company is exposed to following key market risks:

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During March 31, 2021 and March 31, 2020, the Company's borrowings at variable rate were mainly denominated in INR.

Interest rate risk exposure - The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(All amounts are in lakhs unless otherwise stated)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Variable Rate Borrowing	38,644.88	41,023.71
Fixed Rate Borrowing	9,454.88	1,951.49
Ind as Adjustment	(24.97)	(59.30)
Total	**48,074.79**	**42,915.90**

An analysis by maturities is provided in Note (c) Maturities of financial liabilities below.

Sensitivity analysis - For Floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

Sensitivity on variable rate borrowings	**Impact on Profit & Loss Account**	
	For the year ended 31-03-2021	**For the year ended 31-03-2020**
Interest rate increase by 0.25%	96.61	102.56
Interest rate decrease by 0.25%	(96.61)	(102.56)

b) Price Risk

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the Company in its various products segment. Substantial pricing pressure from major OEMs to give price cuts and inability to pass on the increased cost to customers may also affect the proitability of the Company.

Key Raw material - As per the agreement with the customers, any increase in the raw material prices is passed on to the customer. But in some cases where the customer was already asking for reduction in prices, the company has to absorb the price increase.

c) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an foreign exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and import of raw materials and other consumables.

The unhedged foreign currency exposure is as follows:

Particulars	**Trade Receivable**		**Trade Paybles**	
	Foreingn Currency in Lakhs	**Rs in lakhs**	**Foreingn Currency in Lakhs**	**Rs in lakhs**
Foreign Exposure as at March 31, 2021				
CHF	-	-	0.06	4.54
EUR	3.59	308.46	0.27	22.79
JPY	-	-	14.19	9.38
SGD	-	-	-	-
USD	7.62	557.79	0.89	64.81
Foreign Exposure as at March 31,2020	-		-	
CHF	-	-	4.55	356.02
EUR	1.86	154.64	0.35	28.79
GBP	-	-	-	-
JPY	-	-	1,030.88	722.65
SGD	-	-	2.45	129.66
USD	5.98	450.60	0.95	71.93

The exposure of foreign currency risk is Rs. Nil (previous year Rs. Nil).

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Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant.

Particulars	Change in FCR / INR Rate	Impact on Profit & Loss Statements	
		For the year ended 31-03-2021	For the year ended 31-03-2020
USD	+ 50 basis points	3.37	2.51
	- 50 basis points	(3.37)	(2.51)
EURO	+ 50 basis points	1.66	0.76
	- 50 basis points	(1.66)	(0.76)
CHF	+ 50 basis points	(0.03)	(2.27)
	- 50 basis points	0.03	2.27
JPY	+ 50 basis points	(7.10)	(515.44)
	- 50 basis points	7.10	515.44
SGD	+ 50 basis points	-	(1.22)
	- 50 basis points	-	1.22

B Credit risk:

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits and other financial instruments

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major Indian automobile manufacturers (OEMs) with good credit ratings. Non-OEM clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets **disclosed in Note 44. The Company does not hold collateral as security except in case of few customers.** The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Upto 6 months	More than 6 months	Total	Upto 6 months	More than 6 months	Total
Gross carrying amount (A)	6,193.89	1,168.16	7,362.05	6,519.68	1,101.58	7,621.26
Expected Credit Losses (B)		623.64	623.64		477.75	477.75
Net Carrying Amount (A-B)	6,193.89	544.52	6,738.41	6,519.68	623.83	7,143.51

Credit risk from balances with banks and other financial asset is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company has deposited liquid funds at various banking institutions. Primary banking institutions are major Indian and foreign banks. In long term credit ratings these banking institutions are considered to be investment gradeAlso, no impairment loss has been recorded in respect of ixed deposits that are with recognised commercial banks and are not past due.

C Liquidity risk:

The liquidity risk encompasses any risk that the Company cannot fully meet its financial obligations. To manage the liquidity risk, cash flow forecasting is performed in the operating divisions of the Company and aggregated by Company finance. The Company's finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities / overdraft facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Table hereunder provides the current ratios of the Company as at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
Total current assets	24,865.14	19,885.62
Total current liabilities	36,234.42	36,967.56
Current ratio	**0.69**	**0.54**

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(All amounts are in lakhs unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities (Current and Non current) :

	Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
I	**As at March 31, 2021**				
(i)	Borrowings	23,518.42	23,383.92	1,172.45	48,074.79
(ii)	Lease liability	119.10	660.80	-	779.90
(iii)	Other Financial Liability	2,422.09	-	-	2,422.09
(iiv)	Trade and other payble	7,855.59	-	-	7,855.59
	Total	**33,915.19**	**24,044.72**	**1,172.45**	**59,132.37**
II	**As at March 31, 2020**				
(i)	Borrowings	22,483.42	18,000.18	2,491.59	42,975.19
(ii)	Lease liability	99.85	887.19	-	987.04
(iii)	Other Financial Liability	2,492.92	-	-	2,492.92
(iiv)	Trade and other payble	10,178.86	-	-	10,178.86
	Total	**35,255.05**	**18,887.37**	**2,491.59**	**56,634.01**

41 Financial Instrument - Disclosure

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Financial Asset

Sl.No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Financial assets designated at amortised cost	D	Level 2				
(a)	Non Current						
	- Loans			629.78	629.78	650.80	650.80
	- Others Financial Asset			715.72	715.72	355.73	355.73
(b)	Current						
	- Trade receivables*			6,738.41	6,738.41	7,143.51	7,143.51
	- Cash and cash equivalents*			5,327.34	5,327.34	321.36	321.36
	- Bank Balances			868.05	868.05	414.61	414.61
	- Loans			16.76	16.76	37.32	37.32
	- Others Financial Asset			302.28	302.28	27.26	27.26
	Total			**14,598.34**	**14,598.34**	**8,950.59**	**8,950.59**

Financial Liability

Sl.No	Particulars	Note	Fair value hierarchy	As at March 31, 2021		As at March 31, 2020	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Financial liability designated at amortised cost	D	Level 2				
(a)	Non Current						
	- Borrowings			24,531.40	24,531.40	20,373.17	20,373.17
	- Lease liabilities			660.80	660.80	887.19	887.19
(b)	Current						
	- Borrowings*			13,695.31	13,695.31	17,801.45	17,801.45
	- Trade payables*			7,855.59	7,855.59	10,178.86	10,178.86
	- Lease liabilities			119.10	119.10	99.86	99.86
	- Other financial liabilities			12,270.17	12,270.17	7,234.20	7,234.20
	Total			**59,132.37**	**59,132.37**	**56,574.73**	**56,574.73**

A - Company has opted to fair value its mutual fund investment through profit & loss

B - Company has opted to fair value its quoted investments in equity share through OCI

C - As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

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SHIVAM AUTOTECH LIMITED

(All amounts are in lakhs unless otherwise stated)

D - Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

42 Capital Management

For the purpose of the Company's capital management, equity includes issued equity capital and all other equity reserves attributable to the equity shareholders and net debt includes interest bearing loans and borrowings less current investments and cash and cash equivalents. The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and beneits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic & financial conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. During the year the Company has breached with these covenants. During the year lenders has imposed the penalties towards non-fulfillment of the covenants as per the loan agreements and the same has duly been accounted in financial statements wherever charged by the lenders.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2020 and 31st March, 2021.

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (i)	48,074.79	42,915.90
Cash and cash equivalents	(5,327.34)	(321.36)
Net Debt	42,747.45	42,594.54
Total Equity	11,302.14	13,516.73
Net debt to equity ratio (Gearing Ratio)	4.25	3.18

(i) Debt is defined as long-term and short-term borrowings

43 Impact of COVID

Covid-19 pandemic has rapidly spread throughout the world, including India. Governments in India and across the world have taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's manufacturing plants and offices had to be closed down/operate under restrictions for a considerable period of time during the year. Lockdowns/restrictions have impacted the Company operationally including on commodity prices and consumer demand. More recently, the next wave of the pandemic has impacted India and the Company is monitoring the situation closely taking into account the directives from the Governments.

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its property, plant and equipment, intangible assets and the net realisable values of other assets. However, given the effect of these lockdowns and restrictions on the overall economic activity and in particular on the automotive industry, the impact assessment of COVID-19 on the financial statement captions is subject to significant estimation uncertainties due to its nature and duration and, accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial statements.

44 Trade receivables

The Company has identified certain trade receivables aggregating to Rs. 868.01 lakhs (PY Rs. 795.16 lakhs) , whose recovery is not as per the payment terms. Based on the management estimate and provisoning norms, the company has made provision for doubtful debt of Rs. 623.64 lakhs (PY Rs 477.75 lakhs).To take the remedial steps, the Company has initiated the legal action against some of the customers for recovery of aforesaid dues.

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(All amounts are in lakhs unless otherwise stated)

45 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

46 The Board of directors in its meeting held on December 28, 2019 considered and approved the further issue of Equity shares to the existing shareholders of the Company on Right basis upto Rs.50 crores in such ratio and proportion to their holdings on the record date as may be decided by the board in accordance with the provisions of the Section 23 and Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, Chapter III and other applicable regulations of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the guidelines and / or regulations and/or circulars issued by the Securities and Exchange Board of India, the Listing Agreements entered with the Stock Exchanges pursuant to Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the such other approvals, permissions, consents, no objections and sanctions of the lenders of the Company, SEBI, Stock Exchange(s), RBI, Government of India and/or any other concerned regulatory authorities, as may be necessary.

Further for the purpose of giving effect to the Rights Issue, the Board may either by itself or has authorized a Committee of the Board, under the name and style of "Rights Issue Committee" to decide the other terms and conditions of the Rights Issue as may be required from time to time. Further, the Draft letter of offer has been placed and approved by the Board of Directors in the meeting held on June 09, 2021.

47 Events occurring After the Balance Sheet date

No adjusting or significant non adjusting events have occurred between the reporting date and date of authorization of financial statements

48 Previous year figures have been regrouped / reclassified wherever necessary to correspond with current year classification/ disclosure.

As per report of even date attached
For NSBP & Co.
Chartered Accountants
Firm Regn. No. 001075N

Deepak K. Aggarwal
Partner
Membership No. 095541

Place: New Delhi
Date: 9th June 2021

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
DIN: 00037792

Charu Munjal
Whole Time Director
DIN: 03094545

Davendra Ujlayan
VP- Finance
PAN No. AAFPU2249C

Samta Bajaj
Company Secretary
M No A50269

Place : Gurugram
Date: 09th June 2021

Independent Auditor's Review Report on unaudited quarterly financial results of Shivam Autotech Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended for quarter ended June 30, 2021.

To the Board of Directors of
Shivam Autotech Limited

Introduction

1. We have reviewed the accompanying statement of unaudited financial results of Shivam Autotech Limited ('the Company') for the quarter ended June 30, 2021 ("the Statement") attached herewith, being prepared and submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended to date, (the "Listing Regulations"), which has been initialed by us for identification purpose.

2. The preparation of the Statement is in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with the Listing Regulations, is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to issue a report on the Statement based on our review.

Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial consist of making inquiries, primarily of a person responsible for financials and accounting matters, and analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as per para 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in all material respects in accordance with the applicable Indian Accounting Standards (Ind-AS) prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder including the

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amendment thereof and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

5. We draw attention to:

   i. Note 4 in the Statements, wherein management judgement has been considered for determining deferred tax assets/liabilities and as a matter of prudence, deferred tax assets have been restricted to Rs. 3,669.31 recognised till March 31, 2021 and no deferred tax assets has been recognised during the quarter.

   ii. Note 5 in the Statements, regarding the booking of material consumption and accounting impact of physical verification observations, more fully been explained in the said note.

Our opinion is not modified in respect of above matters.

Other Matters

6. Attention is drawn to the fact that the figures for the three months ended 31 March 2021 as reported in the Statement are the balancing figure between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

   Our opinion is not modified in respect of above matter.

For NSBP & Co.
Chartered Accountants
Firm Registration No. 001075N

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

Deepak K. Aggarwal
Partner
M. No. 095541

Place: New Delhi
Date: August 13, 2021
UDIN: 21095541AAAANB4030

SHIVAM AUTOTECH LTD

Shivam Autotech Limited

CIN: L34300HR2005PLC081531

Regd. Office: 10, 1st Floor, Emaar Digital Greens, Tower A, Sector-61

Golf Course Extension Road, Gurugram, Haryana, 122102

Statement of Unaudited Financial Results for the Quarter ended 30th June 2021

Rs. In Lakhs

Sr. No.	Particulars	For the Quarter Ended			Year Ended
		30th June 2021	March 31, 2021	30th June 2020	31st March 2021
		(Un Audited)	(Audited)*	(Un Audited)	(Audited)
		(i)	(ii)	(iii)	(v)
1	Revenue from Operation	11,272.84	16,192.86	3,809.31	48,741.15
2	Other Income	149.66	116.73	12.32	351.67
3	Total income (1+2)	11,422.50	16,309.59	3,821.63	49,092.82
4	Expenses				
	(a) Cost of materials consumed	4,371.89	5,787.38	1,224.93	16,796.02
	(b) Changes in inventories of finished goods and work in progress	(336.07)	(139.12)	156.93	(1,003.57)
	(c) Consumption of stores & spares	842.64	1,294.12	396.77	4,458.25
	(d) Employee benefits expense	1,507.26	1,610.24	1,367.43	6,141.38
	(e) Depreciation and amortization expenses	1,047.30	955.71	1,281.36	4,872.28
	(f) Job work charges	716.73	1,011.99	273.79	3,308.41
	(g) Finance Cost	1,760.60	1,603.12	1,201.72	5,683.56
	(h) Other expenses	2,823.67	3,574.99	1,260.68	11,289.09
	Total expenses	12,732.02	15,698.43	7,163.61	51,545.42
5	Profit / (Loss) before exceptional items and tax (3-4)	(1,309.51)	611.16	(3,341.98)	(2,452.60)
6	Exceptional item	-	-	-	-
7	Profit before tax after exceptional item and before tax	(1,309.51)	611.16	(3,341.98)	(2,452.60)
8	Tax Expense				
	Current Tax	-	-	-	-
	Deferred Tax	-	965.64	(262.70)	(354.55)
	Taxes for Earlier years	-	154.51	-	154.51
	Tax Expense	-	1,120.15	(262.70)	(200.04)
9	Net Profit / (Loss) after tax (7-8) for the period	(1,309.51)	(508.99)	(3,079.27)	(2,252.56)
10	Other Comprehensive Income				
	Item that will not be reclassified to profit or loss	14.59	100.14	(14.42)	58.37
	Income tax relating to items that will not be reclassified to profit or loss	-	(34.99)	5.04	(20.40)
11	Total Comprehensive Income / (Loss) (9+10)	(1,294.92)	(443.84)	(3,088.65)	(2,214.59)
12	Paid up equity share capital (Face value Rs.2)	2,000.00	2,000.00	2,000.00	2,000.00
13	Other Equity	-	-	-	9,302.14
14	Earning per Share (Rs.)- face value of Rs. 2 each				
	Basic / Diluted (before exceptional item)	(1.31)	(0.51)	(3.08)	(2.25)
	Basic / Diluted (after exceptional item)	(1.31)	(0.51)	(3.08)	(2.25)

* Refer Note No. 7

Notes

1 The above results for the quarter ended 30th June 2021 were reviewed by the Audit Committee and thereafter were approved by the Board of Directors in its meeting held on August 13, 2021.

2 As the Company's business activity falls within a single primary business segment viz 'Two-wheelers, its parts and ancillary services' and is a single geographical segment , the disclosure requirements of Indian accounting Standard (Ind AS-108) " Operating Segment" are not applicable.

SHIVAM AUTOTECH LIMITED HARYANA

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3 These results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 as amended and other recognized accounting practices and policies to the extent possible.

4 Significant management judgement is considered in determining provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets and Minimum Alternate Tax (MAT) entitlement is based on estimate of the taxable income for the period over which deferred tax assets will be recovered.The Company has unabsorbed business depreciation and MAT credit which according to the management will be used to set off taxable profit arising in subsequent years from operation. However, As a matter of prudence, Deferred Tax Assets have been restricted to Rs.3,669.31 Lakhs created till March 31, 2021 and no deferred tax has been created during the quarter ended June 30, 2021.

5 Due to non- updation of Bill of material (BOM) and expansion of the customer base, quantitative variance were observed between physical and book records.Variance as observed has been considered as consumption of material for the preparation of the quarterly results.

6 In preparation of unaudited financial results for the quarter ended 30th June 2021, the company has taken into account the possible impact of COVID 19 and the related internal and external factors known to the management upto the date of aproval of these results.

7 The figures for the quarter ended March 2021 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the financial year.

8 The figures for the previous periods have been regrouped / rearranged wherever necessary .

9 The results of the company are also available on stock exchange websites www.nseindia.com, www.bseindia.comand on the company website www.shivamautotech.com

For & on behalf of the Board of Directors of
Shivam Autotech Limited

Neeraj Munjal
Managing Director
DIN: 00037792

Place : Gurugram

Date : 13-08-2021

SHIVAM AUTOTECH LIMITED HARYANA

NSBP & CO. NEW DELHI CHARTERED ACCOUNTANTS

STATEMENT ON PRICE

The Issue Price of ` [●]/- per equity share has been decided by our Company.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We discuss below our historical results of operations and financial condition as of and for the years ended March 31, 2020 and March 31, 2021, for the quarter ended June 30, 2021 and our assessment of the factors that may affect our prospects and performance in future periods.

You should read the following discussion in conjunction with audited financial statements for our Company for Fiscal 2020 and Fiscal 2021 and the Unaudited Limited Review Financial Statements for the quarter ended June 30, 2021, including annexures, schedules, and notes thereto and the report thereon appearing in this Draft Letter of Offer which are prepared in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

Our Fiscal year ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months period ended March 31 of that year. For purposes of the discussion below, the term "Fiscal 2020" refers to the year ended March 31, 2021; the term "Fiscal 2021" refers to the year ended March 31, 2021. In this section only, any reference to "we," "us" or "our" refers to the Company.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. See "Risk Factors" and "Forward-Looking Statements". Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in this section and in the sections "Risk Factors" and "Forward-Looking Statements" beginning on pages 16 and 12, respectively.

I. OVERVIEW

Details of our Company

Our Company was originally incorporated as a public limited company limited by shares under the Companies Act, 1956 with the name "*Shivam Autotech Limited"* in the state of Delhi pursuant to Certificate of Incorporation dated July 29, 2005 issued by the Asst. Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Company received its certificate of commencement of business from the Asst. Registrar of Companies, National Capital Territory of Delhi and Haryana on October 17, 2005. The Corporate Identity Number of our Company is L34300HR2005PLC081531. The Registered Office & Principal Office is located at- 10, 1st Floor, Emaar Digital Greens, Tower A, Sector 61, Golf Course Extension Road, Gurugram, Haryana-122102.

Details of the business of the Company

The Company is a manufacturer of transmission gears and shafts in India, serving various automobile manufacturers as their strategic and supply chain partner. From manufacturing gears for motorcycles since its incorporation to developing critical components for aerospace, the Company has diversified into multiple verticals and initiated exports as well.

The Company is involved in the manufacture of precision engineered components and systems, primarily used in automotive sector. The Company operates within the Automotive Industry, which is well-established both domestically as well as internationally. It operates at Tier 1 level and Tier 2 level within the industry supply chain hierarchy and is an active participant in international trading, both as an importer and exporter.

The Company manufactures a comprehensive range of auto components and accessories that primarily include transmission gears, transmission shafts, alternator components, starter motor components, magneto components and steering components which are being produced through cold, warm and hot forging employing near net shape technology. The Company is an IATF 16949:2016, ISO 45001:2018 & ISO 14001:2015 certified for manufacture of forged, machined and heat-treated components. The Company also holds the AS 9100- Rev D certification, which makes the Company eligible for supplying to all aerospace industries.

The Company has invested in state-of-the-art facilities in Bangalore and Rohtak to indigenize products for automobiles. This development gives the Company an opportunity for future exports to different overseas customers and is also a step towards 'Make in India' initiative.

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II. SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set out below are some of the more significant factors that have affected our results of operations in the past, as well as factors that are currently expected to affect our results of operations in the foreseeable future

Relationships with key clients

During Fiscal 2021, and the quarter ended June 30, 2021, our top 10 customers contributed 88.40% and 80.05% of our total revenue from operations. Hero MotoCorp Limited is one of the largest customers of the Company contributing to 61.01% of our total revenue in Fiscal 2021. Any adverse effect on business of Hero MotoCorp Limited may lead to a decrease in the orders placed by them with us thereby adversely affect affecting our revenues. However, the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business. Our revenues may be adversely affected if there is an adverse change in any of our customer's supply chain strategies or a reduction in their outsourcing of logistics, storage operations, or if our customers decide to choose our competitors over us or if there is a significant reduction in the volume of our business with such clients.

Success of our R&D

Research & Development were carried in product development, process development, energy conservation, environment protection, cost reduction and automation. In this process design and material database are continuously improved and enhanced. Apart from process improvements, the research and development also aims at finding equivalent substitutes of various inputs and materials to have cost savings without compromising quality.

The efforts of the Company are focused on catering the requirement of our existing customers for their new models and indigenization of various components. The research and development is an ongoing exercise and suitable efforts will continue to be made in future. The expenditure incurred on research, development and improvement of products is an indirect cost which is reflected in the financials of the company.

Raw Material

The raw material used is steel in the form of straight and coiled bars of various sizes and tubes. The raw material for all products is as per relevant international, national or customer specific standards. Raw material quality is the most critical parameter for all our products, hence there is a robust process established to ensure right quality, before further processing. It is procured from reputed manufacturers, with rigorous inspection process in place, both at manufacturer and our end. The dedicated personnel, in purchase and quality, for managing procurement and inspection of raw material, are imparted relevant training at regular interval.

Performance of the Industries and Sectors in which our Products are used

Our products are used primarily in automotive industry. Majority of it is in 2-wheeler segment, in addition to passenger vehicle and commercial vehicle. All industries and sectors in which our products are used have been affected by the pandemic induced lockdowns, and the recession preceding the pandemic. However, there were green shoots visible after complete unlock from September 2020, and especially in 2-wheeler segment, sales number were promising. This was the result of majority of people opting for personal transport in order to avoid public transport; the sale of commuter segment (100 cc – 125 cc) dominated the overall segment sale numbers. The Company was able to exploit the rising sale numbers, as majority of our products are used in commuter segment 2-wheelers. Further, due to rise in fuel prices the sale of electric 2-wheelers have increased significantly. Currently, the Company is not supplying to any

electric vehicle manufacturer; however, there are several products specific to EV 2W & 3W, in various stages of development, and there is an aggressive yet achievable target in place for next 3 – 4 years to become a significant manufacturer of components, sub-systems, and systems for EVs.

Operating Efficiencies

We focus on improving our operational efficiencies and reducing operating costs in order to improve our results of operations. We also focus on investing in research & development efforts in our in-house tool room to continually upgrade the quality and functionality of our products and manufacturing processes addressing specific customer requirements and market segments and to improve operational efficiencies. Such investment is also expected to result in significant reduction in operating costs including a decrease in employee costs as our facilities will be significantly more mechanized. We have also made incremental improvements to our equipment and moulds to increase utilisation rates as well as operational efficiencies

Other factors beyond those identified above may materially affect our results of operations and financial condition. For further details, see the sections entitled "Risk Factors" and "Business Overview" beginning on pages 16 and 52 *in this Draft Letter of Offer.*

III. PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Our income consists of (a) revenue from operations, and (b) other income.

Revenue from operations

Our revenue from operations mainly comes from sales of components, used by automobile manufacturers and largely in two wheeler space. Our revenue from operations also includes sales of scrap and job Work.

Other Income

Our other income includes Interest Income from bank deposits and others, Miscellaneous receipts, Profit on sale of property, plant and equipment (net), Interest income at amortized cost, Government grant.

EXPENDITURE

Material Consumed

Our expenditure in connection with raw material consumed includes Steel Bars etc.

Employee benefit expenses

Our personnel expenses comprise expenditure in connection with (i) salaries, wages, allowances and commission including gratuity and retirement benefits, (ii) contribution to provident fund and other funds, (iii) Staff welfare expenses.

Finance Costs

Our finance costs comprise bank charges and interest paid on term loans, Interest on cash credit, Interest others (including cash discount), Interest on lease liabilities, Other Borrowing Cost which mainly consist of loan processing facilities from bank.

Depreciation and Amortization

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values, and is recognized in the statement of profit and loss. Depreciation on property, plant and equipment is provided on Straight Line Method at the rates determined on the basis of useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

Other Expenses

Our other expenses comprise mainly of administrative and other expenses in connection with power and fuel, work charges, repairs and maintenance, rent, insurance, electricity charges, bank charges, exchange rate fluctuation and other general expenses.

IV. Results of Operations

The following table sets forth our statement of profits and losses for Fiscal 2020 and Fiscal 2021.

All amounts in ₹ lakhs, unless otherwise stated

Sr. No.	Particulars	Year Ended			
		Fiscal 2021		Fiscal 2020	
		Amount	% of Total revenue	Amount	% of Total revenue
1	Revenue from Operation	48,741.15	99.28	58,783.25	99.82
2	Other Income	351.67	0.72	104.43	0.18
3	**Total income (1+2)**	**49,092.82**	**100.00**	**58,887.68**	**100.00**
4	**Expenses**				
	(a) Cost of materials consumed	16,796.02	34.21	24,070.83	40.88
	(b) Changes in inventories of finished goods and work in progress	(1,003.57)	(2.04)	1,149.90	1.95
	(c) Consumption of stores & spares	4,458.25	9.08	5,568.28	9.46
	(d) Employee benefits expense	6,141.38	12.51	6,128.62	10.41
	(e) Depreciation and amortization expenses	4,872.28	9.92	5,381.24	9.14
	(f) Job work charges	3,308.41	6.74	4,057.07	6.89
	(g) Finance Cost	5,683.56	11.58	5,306.37	9.01
	(h) Other expenses	11,289.09	23.00	12,649.63	21.48
	Total expenses	**51,545.42**	**105.00**	**64,311.94**	**109.21**
5	**Profit / (Loss) before exceptional items and tax (3-4)**	**(2,452.60)**	(5.00)	**(5,424.26)**	(9.21)
6	Exceptional item				
7	**Profit before tax after exceptional item and before tax**	**(2,452.60)**	(5.00)	**(5,424.263)**	(9.21)
8	Tax Expense	200.04	0.41	(1,710.79)	(2.91)
9	**Net Profit / (Loss) after tax (7-8)**	**(2,252.56)**	(4.59)	**(3,713.47)**	(6.31)
10	Other Comprehensive Income				
	Item that will not be reclassified to profit or loss	58.37	0.12	(57.67)	(0.10)
	Income tax relating to items that will not be reclassified to profit or loss	(20.40)	(0.04)	20.15	0.03
11	**Total Comprehensive Income / (Loss) (9+10)**	**(2,214.59)**	(4.51)	**(3,750.99)**	(6.37)

Fiscal 2021 compared to Fiscal 2020

Revenue from Operations

Our revenue from operations decreased by 17.08% to ₹ 48,741.15 lakhs in Fiscal 2021 as against ₹ 58,783.26 lakhs in Fiscal 2020. This decrease in our revenue from operations was primarily on account of Covid-19 Pandemic.

Total Income

Total income decreased by 16.63% to ₹49,092.82 lakhs for Fiscal 2021 from ₹58,887.69 lakhs for Fiscal 2020 due to Covid-19 Pandemic.

Material consumed
Cost of materials consumed decreased by 30.22% to ₹ 16796.02 lakhs for Fiscal 2021 from ₹ 24,070.83 lakhs for Fiscal 2020. Changes in inventories of finished goods and work in progress was ₹ (1,003.57) lakhs for Fiscal 2021 as compared against ₹ 1,149.90 lakhs for Fiscal 2020.The cost of material consumed accounted for 40.88% of the total income in Fiscal 2020 compared to 34.21% in Fiscal 2021.

Employee Benefit Expense
Employee benefits expense increased by 0.21% to ₹ 6,141.38 lakhs for Fiscal 2021 from ₹ 6,128.62 lakhs for Fiscal 2020. This increase was primarily due to increase in staff salaries. Employee benefits expense accounted for 12.51% of the total income in Fiscal 2021 compared to 10.41% in Fiscal 2020.

Finance Costs
As at March 31, 2021 our serviceable borrowing stood at ₹43,130.76 lakhs compared to borrowing of ₹42,975.20 lakhs as at March 31, 2020. Our finance costs increased by 7.11% to ₹ 5,683.56 lakhs for Fiscal 2021 from ₹5,306.36 lakhs in Fiscal 2020, on account of increase in interest on term loans, interest on cash credit, other interest (including cash discount) and interest on lease liabilities. Our finance cost accounted for 11.58% of the total income in Fiscal 2021 as against 9.01% in Fiscal 2020.

Depreciation and Amortization Expense
Depreciation and amortization expense decreased by 9.46% to ₹4,872.28 lakhs for Fiscal 2021 from ₹5,381.24 lakhs for Fiscal 2020, primarily due to low depreciation charged on plant and equipment.

Total Expenses
Total expenditure decreased by 19.85% in Fiscal 2021 to ₹51,545.42 lakhs from ₹64,311.92 lakhs in Fiscal 2020. The decrease is primarily attributable to the reductions in sales volume.

PBT
PBT decreased by (54.78)% from ₹ (5,424.26) lakhs in Fiscal 2020 to ₹ (2,452.60) lakhs in Fiscal 2021 mainly on account of factors mentioned above.

Tax Expense
Current Tax expenses were nil in Fiscal 2020 and Fiscal 2021 due to losses and consequent change to cumulating deferred tax amount.

PAT
PAT decreased by (39.34)% from ₹ (3,713.47) lakhs in Fiscal 2020 to ₹ (2,252.56) lakhs in Fiscal 2021 on account of the factors explained above.

Results of the quarter ended June 30, 2021
Our results of operations for the quarter ended June 30, 2021 were impacted by the second wave of COVID-19 pandemic. In India, the Governments of respective states announced lockdown in last week of April 2021 which was continue with various restrictions during the whole quarter. While the Company had to temporarily close its manufacturing operations partially in accordance with the directives issued by Government of states, we increased manufacturing operations gradually.

Revenue from Operations
Our revenue from operations for the quarter ended June 30, 2021 was ₹11,272.84 lakhs.

Total Income
Our total income for the quarter ended June 30, 2021 was ₹11,422.50 lakhs.

Material consumed
Cost of materials consumed was ₹4,371.89 lakhs for the quarter ended June 30, 2021 on account of our production.

Total Expenses
Total expenditure for the quarter ended June 30, 2021 was ₹12,732.02 lakhs due to expenses incurred by our Company towards Operational and other expenses

PBT
PBT for the quarter ended June 30, 2021 was ₹ (1,309.51) lakhs.

PAT
PAT for the quarter ended June 30, 2021 was ₹ (1,309.51) lakhs.

V. Cash Flow

The table below summarizes our cash flow for Fiscal 2021 and Fiscal 2020:

(₹ In lakhs)

Particulars	Fiscal 2021	Fiscal 2020
Net cash flow from operating activities	7,164.64	10,411.44
Net cash flow from investing activities	(1,837.58)	(4325.19)
Net cash flow from financing activities	(321.18)	(5847.09)
Net increase in cash and cash equivalents	5,005.98	239.16
Add: Balance at the beginning of the year	321.36	82.20
Cash and cash equivalents at the end of the year	5,327.34	321.36

Cash Flow from Operating Activities
Net cash generated from operating activities decreased to ₹7,164.64 lakhs for Fiscal 2021 from ₹10,411.44 lakhs for Fiscal 2020 on accounts of payments to accounts payable mainly.

Cash Flow from Investing Activities
Net cash used in investing activities was ₹ (1,837.58) lakhs for Fiscal 2021, primarily on account of purchase of fixed assets.

Cash Flow from Financing Activities
Net cash used for financing activities was ₹ (321.18) lakhs for Fiscal 2021, comprising mainly on account of finance costs.

VI. Contingent Liabilities

As at March 31, 2021, contingent liabilities disclosed in the notes to our Annual Audited Financial Statements aggregated ₹486.45 lakhs. Set forth below are our contingent liabilities that had not been provided for as at March 31, 2021.

Nature of contingent liability	Amount (₹ in lakhs)
Bank guarantee	14.15
PF liability where the cases are pending at various stages of appeal	70.00
Sales tax/ Vat demands where the cases are pending at various stages of appeal with the authorities	384.91
Traces demands	17.39

For details, please see "Outstanding Litigations and Defaults" beginning on page 73.

SUMMARY OF RESERVATIONS OR QUALIFICATION OR ADVERSE REMARKS IN THE AUDITORS' REPORT AND THEIR IMPACT ON THE FINANCIAL STATEMENTS AND FINANCIAL POSITION OF OUR COMPANY

Our Statutory auditors have included certain qualifications in the financial statements for the year ended March 31, 2021 and the emphasis of matters in the financial results for the quarter ended June 30, 2021. In respect of Fiscal 2021, the Auditors had observed that (i) The Company's internal control system in respect of supervisory and review controls over process of booking of material consumption, booking of proper inventory and accounting of returnable gate pass, reconciliation of old stock lying with third party and allocation of fixed and variable overheads on product costing on periodical basis were not operating effectively during the current financial year to arrive at the correct value of stock including physical number, which could potentially result in material misstatement of cost of goods sold and inventories as on March 31, 2021. Based on physical verification of Inventories, consumption and reconciliation of closing stock as done by the Management subsequently, necessary remedial measures have been taken to arrive at

the correct value of inventories as on March 31, 2021 and also to arrive at cost of goods sold for the year then ended. (ii) The Company's internal control weakness has been observed in respect of approval of expenses/ reimbursement of expenses and payment to the vendors/employees were not operating effectively and due to deficiency in the control, the company has made some excess payment to vendors/employees of the company however as confirmed by management these payments were subsequently been approved by the management of the company. (iii) Due to issues and bugs in software the system is not able to calculate the depreciation correctly. All variations in depreciation on account of these issues are updated in the system manually on the basis of manual depreciation calculation. The management is in continuous discussions with the software provider to fix this anomaly in the system so that correct output can be obtained directly from the system.

In respect of the quarter ended June 30, 2021, the Auditors have observed that (i) The Company has unabsorbed business depreciation and MAT credit which according to the management will be used to set off taxable profit arising in subsequent years from operation. However, As a matter of prudence, Deferred Tax Assets have been restricted to Rs.3,669.31 Lakhs created till March 31, 2021 and no deferred tax has been created during the quarter ended June 30, 2021. (ii) Due to non- updation of Bill of material (BOM) and expansion of the customer base, quantitative variance was observed between physical and book records. Variance as observed has been considered as consumption of material for the preparation of the quarterly results. We cannot assure you that our audit reports for future Fiscal periods will not contain certain adverse remarks, matters of emphasis, qualifications, or other observations which affects our results of operations in such future periods.

CHANGE IN ACCOUNTING POLICIES AND THEIR EFFECT ON THE PROFITS AND THE RESERVES OF OUR COMPANY.

There have been no changes in the accounting policies during the financial years of our Company ending March 31, 2021 and March 31, 2020

RECENT DEVELOPMENTS

While our Company had to temporarily close our manufacturing operations from March 25, 2020 in accordance with the directives issued by Government of India, we resumed partial manufacturing operations in subsequent months. Our utilization decreased during the time our manufacturing units were closed, which resulted in a decrease in our sales for such months. As informed to the Stock Exchanges by our letters dated April 30, 2020, May 02, 2020 and May 12, 2020, we resumed partial manufacturing operations gradually from May 2020 our operations were fully resumed by May 12, 2020. Except as stated above, and in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since March 31, 2020 which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoter or any of our Directors are or have been categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The figures mentioned in this Statement are from the Financial Statements of the Company.

Key Accounting Ratios	Year ended (audited)	Year ended March 31, 2020 (Audited)
Earnings Per Share		
(a) Basic Earnings Per Share (after extraordinary items) (Rs.)	(2.25)	(3.71)
(b) Diluted Earnings Per Share (after extraordinary items) (Rs.)	(2.25)	(3.71)
Return on Net Worth (after extraordinary items and excluding revaluation reserves) (%)	(19.93%)	(27.48%)
Net Asset Value / Book Value per Equity Share (Rs.)	11.30	13.52
EBITDA (in lakhs)	8,103.22	5,263.37
EBITDA Margin (%)	16.51%	8.94%

The ratios have been computed as under:

Earnings Per Share	Net Profit After Tax excluding extra ordinary items /Weighted Average Number of Equity Shares.
Return on Net Worth (%)	Net Profit after tax /Equity Shareholder's Funds excluding Revaluation reserve.
Net Asset Value Per Share	Equity Shareholder's Funds excluding Revaluation reserve / Number of Equity Shares (outstanding at the end of the period).
EBITDA	Profit before tax (excluding exceptional & extra ordinary items) plus finance costs plus depreciation and amortisation expense (including other income)
EBITDA Margin	[EBITDA/ (Sales plus other income)] * 100.

SECTION VII: LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed herein below, there is no outstanding litigation involving our Company with respect to (i) issues of moral turpitude or criminal liability on the part of our Company, (ii) material violations of statutory regulations by our Company, and (iii) economic offences where proceedings have been initiated against our Company.

*In terms of our Company's "Policy on Determination of Materiality for Disclosure of Events or Information" framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Materiality Policy**"), significant litigation(s) / dispute(s) / regulatory action(s) that impact the financials, operations, strategy or reputation of the Company are considered as material. Based on the Materiality Policy, there are no pending matters against our Company, which if they result in an adverse outcome would materially and adversely affect impact the financials, operations, strategy or reputation and accordingly, there is no material outstanding litigation that has been disclosed to the Stock Exchanges.*

Our Company, from time to time, has been and continues to be involved in legal proceedings, arising in the ordinary course of its business. These legal proceedings are in the nature of civil as well as tax proceedings and we believe that the number of proceedings in which it is involved is not unusual for companies of its size doing business in India.

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company is impleaded as a defendant in litigation proceedings before any judicial forum.

As on the date of this Draft Letter of Offer, the Company is not involved in any material litigations.

GOVERNMENT AND OTHER STATUTORY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this section "*Government and Other Statutory Approvals*", as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

As on date of this Draft Letter of Offer, the following material regulatory and government approvals are pending application or renewal.

A. Applications yet to be made by the Company

GENERAL APPROVALS

1. Certificate of Registration under the Punjab Shops and Commercial Establishments Act, 1958 for the company's registered address situated at Tower A10, 1st Floor, Emaar Digital Greens, Sector-61, Gurgaon, Haryana.

ROHTAK PLANT

B. Applications made by the Company

2. Application dated December 26, 2017 made by the Company to the Central Ground Water Board, North Western Regional seeking permission for use of ground water at the Binola Plant.

PATENT RELATED APPROVALS

3. The Company has made an Application for registration of Patent dated February 13, 2014 bearing No. 1401000780 for Methods for cutting many gears and their application before the (Thailand) World Intellectual Property Organization

4. The Company has made an Application for registration of Patent dated January 24, 2014 bearing No. 219/DEL/2014 for Method of manufacturing gear with double teeth patterns involving forging and cold extrusion processes before the Controller General of Patents, Design and Trademarks.

5. The Company has made an Application for registration of Patent dated November 12, 2013 bearing No. 3324/DEL/2013 for Method of manufacturing cage gear by involving hot forging process before the Controller General of Patents, Design and Trademarks.

6. The Company has made an Application for registration of Patent dated November 12, 2013 bearing No. 3326/DEL/2013 for Process of seat pipe production from solid metal coil through cold extrusion operation before the Controller General of Patents, Design and Trademarks.

7. The Company has made an Application for registration of Patent dated February 23, 2016 bearing No. 201611006285 for method for developing a starter pinion with forged chamfer localization using cold forming mechanism before the Controller General of Patents, Design and Trademarks.

8. The Company has made an Application for registration of Patent dated December 07, 2016 bearing No. 201611041867 and publication under section 11A of Patents Act, 1970 dated June 08, 2018 for Mechanical Integrated Brake (MIB) before the Controller General of Patents, Design and Trademarks.

9. The Company has made an Application for registration of Patent dated January 10, 2017 bearing No. 201711001026 for Arrangement of Mechanical Integrated Brake (MIB) system on a motorcycle having rear drum brake before the Controller General of Patents, Design and Trademarks.

10. The Company has made an Application for registration of Patent dated October 11, 2017 bearing No. 201711036123 for, "Method of forming negative draft in gear lugs" before the Controller General of Patents, Design and Trademarks.

11. The Company has made an Application for registration of Patent dated June 19, 2017 bearing No. 201711021439 for, “A process of gear manufacturing involving hot/warm forging” before the Controller General of Patents, Design and Trademarks.

12. The Company has made an Application for registration of Patent dated June 08, 2012 bearing No. 1763/DEL/2012 for Method for multi-gear shaving and its application thereof before the Controller General of Patents, Design and Trademarks.

13. The Company has made an Application for registration of Patent dated November 12, 2013 bearing No. 3322/DEL/2013 for, Method of manufacturing inner race by involving hot forging process before the Controller General of Patents, Design and Trademarks.

14. The Company has made an Application for registration of Patent dated September 26, 2013 bearing No.2845/DEL/2013 for, Process for manufacturing claw pole before the Controller General of Patents, Design and Trademarks.

MATERIAL DEVELOPMENTS

To our knowledge, except as mentioned below no circumstances have arisen since M, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to meet material liabilities in the next 12 (twelve) months.

1. The Company has received a sum of Rs. 5,000.00 lakhs from the following secured lenders of the Company in the following manner:

    1. Rs. 1,000 Lacs from IDFC First Bank Limited as sanctioned on 26.07.2021.
    2. Rs. 3,500 Lacs from Yes Bank Limited as sanctioned on 17.09.2021.

2. Company has received Loan for sum of Rs. 170.00 lacs as on 25.05.2021, Rs. 250 Lacs as on 13.08.2021 & Rs. 80.00 Lacs as on 18.08.2021 from Munjal Showa Limited.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at their meeting held on December 28, 2019 pursuant to Section 62 of the Companies Act.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, vide letters dated [●] and [●] issued by BSE and NSE, respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

The Board has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share (s) for every [●] Equity Share (s) held on the Record Date.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "Terms of the Issue" beginning on page 82.

Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoter, members of our Promoter Group and our Directors are not and have not been in the past, prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority or court.

Further, the Promoter and the Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither our Promoter nor any of our Directors have been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

Association with securities market

None of our Directors are associated with the securities market in any manner.

Disclosures pertaining to wilful defaulters

Neither our Company, our Promoter nor any of our Directors have been or are identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares are presently listed on the BSE & NSE. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Section 62 of the Companies Act, 2013.Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62 of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Draft Letter of Offer with the Stock Exchanges and until date.
2. The reports, statements and information referred to above are available on the website of BSE and NSE.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, disclosures in this Draft Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to Rs. 4,000.00 lakhs. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchanges.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, ANY IRREGULARITIES OR LAPSES IN LETTER OF OFFER

Disclaimer clause from our Company

Our Company does not accept any responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Gurugram, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is [●].

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE Limited ("BSE"). The disclaimer clause as intimated by BSE to the Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to the National Stock Exchange of India Limited ("NSE"). The disclaimer clause as intimated by NSE to the Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and Common Application Form only to Eligible Shareholders who have provided an Indian address. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer/Abridged Letter of Offer and Common Application Form or any other material relating to the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose.

Accordingly, the Rights Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and Common Application Form or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer Abridged Letter of Offer and Common Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose.

Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and Common Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and Common Application Forms, shall not be sent the Letter of Offer/Abridged Letter of Offer and Common Application Forms.

If the Draft Letter of Offer/Letter of Offer/Abridged Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer/Letter of Offer/Abridged Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Rights Equity Shares or excess Rights Equity Shares, or who purchases Rights Entitlement or Rights Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S"), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this DLOF are being offered in India, but not in the United States. The offering to which this DLOF, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this DLOF / Letter of Offer / Abridged Letter of Offer and the Common Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing Common Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this DLOF, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India.

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

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

No offer or invitation to purchase Rights Entitlements or Rights Equity Shares is being made in any jurisdiction outside of India, including, but not limited to Australia, Bahrain, Canada, The European Economic Area, Ghana, Hong Kong, Indonesia, Japan, Kenya, Kuwait, Malaysia, New Zealand, Sultanate Of Oman, People's Republic Of China, Qatar, Singapore, South Africa, Switzerland, Thailand, The United Arab Emirates, The United Kingdom and The United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any rights equity shares or rights entitlement for sale in any jurisdiction outside India or as a solicitation therein of an offer to buy any of the said securities. Accordingly, this Draft Letter of Offer should not be forwarded to or transmitted in or into any other jurisdiction at any time.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rs.10,00,00,000/- to Rs.50,00,00,000/- Since the size of this Issue falls below this threshold, the Draft Letter of Offer has not been filed with SEBI and is being filed with the Stock Exchanges for obtaining their in-principle approval. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges The Draft Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is up to Rs. 4000.00 lakhs which does not require issuer to file Draft Letter of Offer with SEBI. Issuer has filed draft letter of offer with BSE and NSE for obtaining in-principle approval.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Bigshare Services Private Limited.

Our Company has a Stakeholders' Relationship Committee which currently comprises of Bhagwan Dass Narang, Jyothi Prasad, Neeraj Munjal and Anil Kumar Gupta and Sunil Chinubhai Vakil. The broad terms of reference include redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company. 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.

The investor complaints received by our Company are generally disposed of within 10-15 days from the date of receipt of the complaint.

Investor grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by Bigshare Services Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

Investors may contact our Compliance Officer or the Registrar in case of any pre-Issue/post-Issue related problems such as non-receipt of Allotment advice/demat credit/refund orders etc. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "Terms of the Issue" beginning on page 82.

The contact details of the Compliance Officer and Registrar to the Issue are as follows:

Registrar to the Issue	Compliance Officer
BIGSHARE SERVICES PRIVATE LIMITED 1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India. **Tel:** +91 22 6263 8200, **E-mail:** rightsissue@bigshareonline.com **Website:** www.bigshareonline.com **Investor Grievance e-mail:** investor@bigshareonline.com **Contact Person:** Mr Ashish Bhope **JSEBI Registration Number:** NR000001385	**Ms. Preeti Sharma** **Compliance Officer** The Company Secretary will be appointed in due course of time pursuant to the provisions of Section 203 of the Companies Act, 2013 and rules made thereunder. 10, 1st Floor Tower A, Emaar Digital Greens, Sector-61, Golf Course Extension Road, Gurugram Gurgaon, Haryana - 122102 **Telephone:** 0124-4698700 **Facsimile:** 0124-4698798 **Email:** cs@shivamautotech.com

SECTION VIII: ISSUE INFORMATION
TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors who are eligible to apply under the ASBA process or, R-WAP, as the case may be, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.

The Allotment pursuant to the Issue will only be made in dematerialised form. Eligible Equity Shareholders holding Equity Shares in physical form must provide their demat account details to Company / Registrar to the Issue for credit of Rights Entitlements. Such demat account details must be provided to the Company not later than two working days prior to the Issue Closing Date to enable credit of the Rights Entitlement to such demat accounts at least one working day prior to the Issue Closing Date. See "Risk Factors – Risks Relating to the Equity Shares and the Issue – Investors will not have the option of getting the allotment of Equity Shares in physical form." on page 32.

Please note that pursuant to SEBI Circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the rights issue process has been streamlined. The said circular inter-alia introduced dematerialized Rights Entitlements, trading of dematerialized Rights Entitlements on stock exchange platform and Payment mode in Rights Issue and all investors (including renouncees) shall make an application for a rights issue only through ASBA. Investors are requested to note that pursuant to the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, applications in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR Regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.bigshareonline.com.

OVERVIEW

The Issue and the Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the Allotment advice or security certificate.

Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, SEBI circulars SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, our Company will send through email or registered post or speed post or courier, the Letter of Offer/Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses or registered address of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. The Letter of Offer will be issued and made available on the website of the Registrar at www.bigshareonline.com, only to the Eligible Equity Shareholders who have provided their Indian address. Our Company will send the Abridged Letter of Offer, the Application Form and other applicable Issue material through registered post or speed post or courier to those Eligible Equity Shareholders who have not provided their email address.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

i. our Company at www.shivamautotech.in;

ii. the Registrar at www.bigshareonline.com;

iii. the Stock Exchanges at www.bseindia.com and www.nseindia.com;

iv. the Registrar's web-based application platform at [●] ("R-WAP"); and

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained the Registrar or by our Company, Eligible Equity Shareholders should visit www.bigshareonline.com.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number and PAN (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.shivamautotech.in).

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the optional mechanism instituted only for resident Investors in this Issue i.e., R-WAP. Further, investors who are applying for the renounced Equity Shares offered in this Issue but are not Eligible Equity Shareholders of the Company holding Equity Shares of the Company as on the Record Date, shall not be eligible to apply through R-WAP. Further, Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date shall also not be able to subscribe to the Issue through R-WAP and therefore, will have to apply through ASBA facility only. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, however such Investors can apply through R-WAP, if they have provided an Indian address to our Company or to the Registrar or they are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP. For details, see "Procedure for Application through the ASBA Process" on Page 94 and "Procedure for Application through the R-WAP" on page 95.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. **Further, all the Eligible Equity shareholders holding shares in dematerialized mode shall be able to renounce their entitlements by trading on stock exchange platform or off-market transfer. Such trades will be settled by transferring dematerialized Rights Entitlement through depository mechanism.** For further details on the Rights Entitlements and demat suspense escrow account, see "Process for Credit of Rights Entitlements in dematerialized form on Page 88". In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, should note that their Rights Entitlements shall lapse. REs which are neither renounced nor subscribed by the Eligible Equity Shareholders, will lapse after the closure of Rights Issue.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Eligible Equity Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of

multiple demat accounts, the Eligible Equity Shareholders are required to submit a separate Application Form for each demat account.

a. Investors may apply for the Equity Shares by: **ASBA facility**: Investors shall submit the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "Procedure for Application through the ASBA Process" on page 94.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

For details, see "*Terms of the Issue - Procedure for Application through the ASBA Process*" on page 94.

b. Registrar's Web-based Application Platform (R-WAP): In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at [●]), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "RISK FACTOR- THE R-WAP PAYMENT MECHANISM FACILITY REQUIRED TO BE USED FOR THIS ISSUE IS NEWLY INTRODUCED AND MAY BE POSE RISKS PERTAINING TO SUBMISSION OF APPLICATIONS AND PAYMENT" ON PAGE 32.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, Investors are advised to carefully read the frequently asked questions or call helpline number ([●]). For details, see "Procedure for Application through the R-WAP" on page 95.

Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

In accordance with the SEBI Rights Issue Circulars, the Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. [●], [●], shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" on pages 102 and 84, respectively.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "Basis of Allotment" beginning on page 109.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled "Procedure for Application through the ASBA process" and "Procedure for Application through R-WAP" on pages 94 and 95 of this Draft Letter of Offer.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.bigshareonline.com;

b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: www.bigshareonline.com or share Request Letter on rightsissue@bigshareonline.com. It should be accompanied with PAN card and Indian Address proof;

c) Updation of demat account details by resident Eligible Equity Shareholders holding shares in physical form: www.bigshareonline.com;

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorized by a resolution of our Board passed at its meeting held on December 28, 2019, pursuant to Section 62 of the Companies Act and Chapter III of the SEBI ICDR Regulations.

The Board of Directors in their meeting held on [●] have determined the Issue Price at ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid up Equity Share(s) held on the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letters dated [●] and [●], respectively

Issue Price

The Company shall determine the Issue Price before the Record Date.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in dematerialised form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlement and Rights Issue Shares

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members as an Eligible Equity Shareholder in respect of the Equity Shares held in physical form as on the Record Date, you are entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www. bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.shivamautotech.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. www.bigshareonline.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer/Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to

the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Further, the Letter of Offer/Abridged Letter of Offer and Application Forms shall be dispatched by way of registered post or speed post or by courier service to those Eligible Equity Shareholders who have not provided their email addresses but have provided their Indian address. The Letter of Offer/Abridged Letter of Offer and Application Forms shall not be dispatched to Eligible Equity Shareholders who have not provided their Indian addresses. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, www.bigshareonline.com, our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation or solicitation by anyone in those jurisdictions in which such offer, invitation or solicitation is unlawful or not authorised or where it would be illegal to make such an offer or to any person to whom such offer us unlawful to make such an offer, invitation or solicitation and, in those circumstances, the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or redistributed.

Accordingly, persons receiving a copy of the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India).. If the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who acquires Rights Entitlements/Rights Equity Shares or makes an Application for the same will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person without requirement for our Company or its affiliates to make any filing or registration (other than in India).which apply to such person.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE ISSUE

Face Value
Each Rights Equity Share will have the face value of ₹ 2/-.

Issue Price

Each Rights Equity Share is being offered at a price of [●] per Rights Equity Share (including a premium of [●] per Rights Equity Share) in the Issue..

The Board, at its meeting held on [●], has determined the Issue Price.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Share held by the Eligible Equity Shareholders as on the Record Date.

Terms of Payment

The entire amount of the Issue Price of ₹ [●] per Rights Equity Share is payable at the time of Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Share held as on the Record Date. As per SEBI Rights Issue Circulars, for Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for the computation of the Rights Entitlement by rounding down the entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●]Rights Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares and shall be dispatched a Application Form for zero entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Share and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares. However, they cannot renounce the same in favour of third parties. **Application Form with zero entitlement shall be non-negotiable/ non renounceable.**

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including with respect to dividends.

Process for Credit of Rights Entitlements in dematerialized form

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

As per the SEBI – Rights Issue Circular issued in order to streamline the process of the rights issue, SEBI has introduced dematerialized Rights Entitlements and the process with respect to the credit of rights entitlements and renunciation thereof is as set out below:

i. In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN No. [●] has been obtained by the Company for credit of Rights Entitlements in demat account of the Eligible Equity Shareholders.

ii. Based on the rights entitlement ratio, the Company will credit Rights Entitlements in dematerialized mode through corporate action to shareholders holding shares as on record date.

iii. The ISIN of Rights Entitlements shall be kept frozen (for debit) in the depository system till the date of opening of the issue.

iv. Eligible Equity Shareholder holding shares in physical form shall be required to provide their details of address proof by way of uploading on Registrar's website and demat account details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to Company/ Registrar to the Issue for credit of Rights Entitlements not later than two working days prior to issue closing date, such that credit of Rights Entitlements in their demat account takes place at least one day before issue closing date to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard.

Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

v. In case of fractional entitlements of REs, the fractional part shall be ignored by rounding down the entitlement.

vi. The details with respect to shareholder entitlement will be available on the website of the Registrar to the issue and the investors shall check their respective entitlements on the website of the Registrar by keying their details, after adequate security controls to ensure that investors' information is made available only to the particular investor. The Company shall also carry these links on their website.

vii. The Company will intimate issue closing date to the depositories at least one day before the issue closing date, and the depositories shall suspend the ISIN of Rights Entitlements for transfers, from issue closing date. REs which are neither renounced nor subscribed by the Eligible Equity Shareholders, shall be lapsed after closure of the Rights Issue.

viii. The Company shall ensure that Rights Entitlements which are lapsed are extinguished from the depository system once securities are allotted pursuant to Rights Issue. Once allotment is done, the ISIN for REs shall be permanently deactivated in the depository system by the depositories.

Trading of the Rights Entitlements ("REs") on the Stock Exchange Platform.

Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular the Rights Entitlements credited in demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN - [●] subject to necessary approvals.

The ISIN of REs shall be kept frozen (for debit) in the depository system till the date of the opening of the issue.

The Company would submit details of total REs credited to the Stock Exchange and shall obtain requisite trading approval of such REs from the stock exchanges. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism. For details, see "Procedure for Renunciation" on page 97.

The Eligible Equity Shareholders can place order for sale only to the extent of REs available in the demat account of the eligible equity shareholders. REs credited to the demat account of the respective eligible equity shareholders duly renounced by them by the way of sale through stock exchange platform, would be settled by transferring the dematerialized REs through depository system in the same manner as done for all the other types of securities. Trading in REs shall commence on the date of opening of the issue.

Trading in the REs on the secondary market platform of the stock exchange will happen electronically on T+2 rolling settlement basis where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. Thus, trading in RE's in such case shall be closed on [●] being at least four days prior to the closure of the Rights Issue.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Listing and trading of the Rights Equity Shares to be issued pursuant to the issue.

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing Date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of

allotment approved by the designated stock exchange, the separate ISIN no. [●] for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares are listed and traded on BSE (Scrip Code: **532776**) and NSE (Scrip Code: SHIVAMAUTO). The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of SEBI Circular No. CIR/MRD/DP/21/2012 dated August 2, 2012, be Allotted under a temporary ISIN shall be frozen till the time final listing/ trading approval is granted by the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. Our Company has received in-principle approval from BSE and NSE through letter no. [●] dated [●] and [●] dated [●], respectively. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalisation of the Basis of Allotment. Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The Rights Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within the specified time.

If permissions to list and trade in the Equity Shares are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys through verifiable means, received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid within eight days after our Company becomes liable to repay it, that is, seven days from the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of fifteen days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

Subscription to the Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "*Capital Structure – Subscription to the Issue by our Promoter and Promoter Group*" on page 39.

Compliance with SEBI (ICDR) Regulations

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.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, holders of Rights Equity Shares shall have the following rights:

1. The right to receive dividend, if declared;
2. The right to vote in person, or by proxy; except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
3. The right to receive offers for rights shares and be allotted bonus shares, if announced;
4. The right to receive surplus on liquidation;
5. The right of free transferability of Equity Shares;
6. The right to attend general meetings of our Company and exercise voting powers in accordance with law and unless prohibited by law; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. Allotment pursuant to the Issue shall be only in demat form. *See "Risk Factors – Risks Relating to the Equity Shares and the Issue – Investors will not have the option of getting the allotment of Equity Shares in physical form." on page 32.*

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Common Application Form submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered valid.

Nomination

The nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

The Allotment of Equity Shares pursuant to this Rights Issue is in dematerialised form only. There is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its respective DP.

Eligible Equity Shareholders holding Equity Shares in physical form must provide their demat account details to Company / Registrar to the Issue for credit of Rights Entitlements. Such demat account details must be provided to the Company not later than two working prior to the Issue Closing Date to enable credit of the Rights Entitlement to such demat accounts at least one working day prior to the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. See *"Risk Factors – Risks Relating to the Equity Shares and the Issue – Investors will not have the option of getting the allotment of Equity Shares in physical form"* on page 32.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and no arrangements for disposal of odd lots are required.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation and one Hindi national daily newspaper with wide circulation (Hindi being the regional language of Haryana, where our Registered Office is situated).

In accordance with the SEBI ICDR Regulations, , our Company will send the Letter of Offer/Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Further, the Letter of Offer/Abridged Letter of Offer and Application Forms shall be dispatched by way of registered post or speed post or by courier service to those Eligible Equity Shareholders who have not provided

their email addresses but have provided their Indian address. The Letter of Offer/Abridged Letter of Offer and Application Forms shall not be dispatched to Eligible Equity Shareholders who have not provided their Indian addresses. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, www.bigshareonline.com, our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders, including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 read with Foreign Exchange (Non-Debt Instruments) Regulations, 2019, issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour.

The Letter of Offer/Abridged Letter of Offer and the Application Form shall be dispatched only through e-mail to non-resident Eligible Equity Shareholders who have provided Indian address. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges.

If an NR or NRI Investor has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

Application Forms will be made available for eligible non-resident investors at our Registered Office and with the Registrar to the Issue. The Letter of Offer/ Abridged Letter of Offer and Application Forms shall only be sent to non-resident investors to the e-mail address (if provided) of such non-resident investors who have provided their Indian address, and any such documents shall not be dispatched to any Eligible Equity Shareholders whose addresses are outside of India.

In case of change of status of holders *i.e.* from Resident to Non-Resident, a new demat account must be opened.

Please note that only resident Investors can submit an Application using the R-WAP.
The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. with PAN Card at rightsissue@bigshareonline.com.

Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE APPLICATION FORM.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying in the Issue.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP.

Investors should carefully read the provisions applicable to such Applicants before making their Application through ASBA or using R-WAP.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts

Application Form

The Application Form for the Rights Equity Shares offered as part of the Issue would be sent to the e-mail address of all Eligible Equity Shareholders who have provided their email addresses and Indian address to our Company. The Application Form along with the Abridged Letter of Offer and other applicable Issue material shall be sent through email and/or speed post/registered post/courier at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent to their email address if they have provided an Indian address to our Company. Our Company will dispatch the Application Form through registered post or speed post or courier to those Eligible Equity Shareholders who have not provided their email address but have provided their Indian address.

Further, our Company and Registrar will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

In case the original Application Forms are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar, for issue of a duplicate Application Form, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. However, if the Registrar receives any request for issue of duplicate Common Application Form from Eligible Equity Shareholders having return addresses situated in the United States, the Registrar shall duly forward the requests to our Company and shall not be responsible for dispatch of duplicate Common Application Form to such Eligible Equity Shareholders. In case the signature of the Eligible Equity Shareholder does not match with the specimen registered with our Company or the depository participant, the Application is liable to be rejected.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www. bigshareonline.com. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

i. our Company at www.shivamautotech.com;

ii. the Registrar at www.bigshareonline.com;

iii. the Stock Exchanges at www.bseindia.com and www.nseindia.com;

iv. the R-WAP at [●]

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.shivamautotech.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors

who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB and R-WAP). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "Grounds for Technical Rejection" on page 106. **Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "Application on Plain Paper" on page 99.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies in the Issue, then such shareholder can:

(i) Apply for their Rights Entitlement of Rights Equity Shares in full;

(ii) Apply for their Rights Entitlement of Rights Equity Shares in part (without renouncing the other part);

(iii) Apply for their Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;

(iv) Apply for their Rights Entitlement in full and apply for additional Rights Equity Shares; and

(v) Renounce their Rights Entitlement in full.

PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS

The procedure for application through the ASBA process is set out below.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. All the investors who are eligible to apply are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

The Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made

available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the 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 Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer tohttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

PROCEDURE FOR APPLICATION THROUGH THE R-WAP

In accordance with the SEBI Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts**.**

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021. Our Company and the Registrar shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see "Risk Factors - The R-WAP payment mechanism facility required to be used for this Issue is newly introduced and may pose risks pertaining to submission of applications and payment" on Page 32.

Set out below is the procedure followed using the R-WAP:

(a) Resident Investors should visit R-WAP (accessible at [●]) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form;

(b) Non-resident Investors are not eligible to apply in this Issue through R-WAP;

(c) Only resident Investors are eligible to apply in this Issue through R-WAP;

(d) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for;

(f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided;

(h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected;

(i) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk on the website of the Registrar to the Issue at www.bigshareonline.com or call helpline number (+91 22 6263 8200).

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP FACILITY. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE SECTION "RISK FACTORS" THE R-WAP PAYMENT MECHANISM FACILITY REQUIRED TO BE USED FOR THIS ISSUE IS NEWLY INTRODUCED AND MAY POSE RISKS PERTAINING TO SUBMISSION OF APPLICATIONS AND PAYMENT ON PAGE 32.

Eligibility to apply under the Issue

Eligible Equity Shareholders of our Company on the Record Date shall be eligible to apply for the Rights Equity Shares in the Issue subject to the following:

1. hold the Equity Shares in dematerialized as on the Record Date and are applying towards their Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;

2. who hold shares in physical form provided that they must provide their demat account details to Company / Registrar to the Issue for credit of Rights Entitlements;

3. are applying through a bank account maintained with SCSBs; and

4. are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, (ii) applying through the R-WAP process. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section "*Terms of the Issue - Basis of Allotment*" on page 109.

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares. Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date

cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process**.**

Renunciation

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlement credited to their respective demat account either in full or in part in favour of any other person or persons. The Company draws attention to the fact that it shall not Allot and/or register the Rights Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce their Rights Entitlement in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce their Rights Entitlement in favour of persons or entities in the United States or to who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities law.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of Foreign Exchange Management (Non-debt Instruments) Rules, 2019and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

The Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements and their Right Entitlements will lapse.

The Application Form can be used by both the Eligible Equity Shareholder and the Renouncee. The renouncee can make the application in electronic mode only if such facility is available with such SCSBs. In case where the application through electronic mode is not available with the SCSB, the renouncee shall submit the Application Form to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

Renouncee(s), applying for all Rights Equity Shares renounced in their favour, can also apply for additional Rights Equity Shares in the Issue. Renouncee(s) are also advised to ensure that the Application Form is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Procedure for renunciation

The Investors holding Rights Entitlements in dematerialized form in their demat account can renounce the same either in full or in part in favour of any other person or persons in India only either a) by using the secondary market platform of the Stock Exchanges ("On Market Renunciation") or b) through off market transfer ("Off Market Renunciation") during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

1. On Market Renunciation

The Eligible Equity Shareholders holding Rights Entitlements in dematerialized form in their demat account can renounce the same by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company are being traded.

In this connection, in terms of provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements credited in demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN - [●]. The details for trading in Rights Entitlements will be as specified by Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlement. The trading in Rights Entitlements on the Stock Exchanges shall commence from the Issue Opening Date and shall close on [●] (both days inclusive) or such other extended date as may be determined by our Board from time to time.

The Eligible Equity Shareholders holding the Rights Entitlements in their demat account who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN - [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The order for trading of the Rights Entitlements can placed during the normal trading hours of the Stock Exchanges and only during the Renunciation Period. The trading in Rights Entitlements shall take place electronically on secondary market platform of BSE & NSE under automatic order matching mechanism and on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis.

Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

The Eligible Equity Shareholders who intend to trade in the Rights Entitlements should consult their respective stock brokers for payment to them of any cost, applicable taxes, charges and expenses (including brokerage) that may be levied by the stock brokers for trading in Rights Entitlements.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage) levied by the stock brokers, and such costs will be incurred solely by the Investors.

2. Off Market Renunciation

The Eligible Equity Shareholders holding Rights Entitlements in dematerialized form in their demat account can renounce the same through off market transfer through a depository participant in the same manner as the existing Equity Shares of our Company can be transferred.

The Rights Entitlements can be transferred in dematerialized form only. The Rights Entitlements can be renounced through off market transfer from the Issue Opening Date till [●] (both days inclusive) or such other extended date as may be determined by our Board from time to time. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Eligible Equity Shareholders holding the Rights Entitlements in their demat account who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN - [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless he has already given a standing receipt instruction) has to issue a receipt instruction slip to his depository participant. The Eligible Equity Shareholders can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants and only during the Renunciation Period. The transfer shall take on the execution date mentioned in the instruction slip and the settlement shall be carried out through depository transfer mechanism in the same manner as done for all other type of securities.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

Rights Entitlements which are neither renounced nor subscribed by the shareholders, will lapse after the closure of Rights Issue.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of Foreign Exchange Management (Non-debt Instruments) Rules, 2019and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the Foreign Exchange Management (Non-debt Instruments) Rules, 2019and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

Application on Plain Paper

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India. Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

PLEASE NOTE THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of the Company, being Shivam Autotech Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio No./DP and Client ID No.;
4. Number of Equity Shares held as on Record Date and ratio of Rights Entitlement;
5. Allotment option – Only demat form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of NR Eligible Equity Shareholders, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from the RBI, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 26% or more of the post-issue paid-up equity share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrar www.bigshareonline.com; and
17. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("Regulation S") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) ("U.S. QIBs") pursuant to Section 4(a)(2) of the US Securities Act and other exemptions from the registration requirements of the US Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States, except in each case to persons in the United States who are U.S.QIBs. I/ we confirm that I am/ we are (a)(i) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (ii) a U.S. QIB in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs) or is outside of India and the United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. Pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB. The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through the R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

Mode of payment for Non-Resident Investors

As per Rule 7 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at rightsissue@bigshareonline.com.

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
2. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Applications received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money, Allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest and export of share certificates.

5. In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the Application Form. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Applicant's bankers.
6. Non-Resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company. In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders " on pages 102 and 84, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit www.bigshareonline.com

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN, Address Proof and self-attested client master sheet of their demat account by uploading of documents on www.bigshareonline.comno later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;
b. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
c. The remaining procedure for Application shall be same as set out in "Application on plain paper" beginning on page 99;
d. The Eligible Equity Shareholders can access the Application Form from:
    - R-WAP of the website of the Registrar at www.bigshareonline.com
    - the website of the Registrar (www.bigshareonline.com);
    - our Company (www.shivamautotech.com);
    - the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders holding Equity Shares in physical form cannot apply through the optional mechanism i.e. R-WAP and any Applications received under the said mechanism are liable to be rejected.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e.www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible

Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. www.shivamautotech.com);

The Eligible Equity Shareholders shall, on or before the Issue Closing Date, submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts

PLEASE NOTE THAT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE SHALL BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA INVESTOR ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders/ Renouncees

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process;

(b) Please read the instructions on the Application Form sent to you;

(c) As per the SEBI – Rights Issue Circular, application for a rights issue shall be made only through ASBA facility or using R-WAP;

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees;

(e) Application should be complete in all respects and should be made in the format of the Common Application Form. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English;

(f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "Application on Plain Paper" on page 99;

(g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the optional mechanism instituted only for Resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA;

(h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application;

(i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts;

(j) The Application Form/ Plain paper application should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the Common Application Form and not to the Bankers to the Issue or Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar.Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 pm (Indian Standard Time) or such extended time as permitted by the Stock Exchange;

(k) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equivalent to the Application Money in the ASBA Account mentioned in the Application Form;

(l) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Common Application Form**s without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors;**

(m) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon;

(n) For physical Applications through ASBA at Designated Branches of SCSB, Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Common Application Form / Plain paper application as per the specimen signature recorded with the SCSB;

(o) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant;

(p) All communication in connection with application for the Rights Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form;

(q) Eligible Equity Shareholders to whom the Rights Equity Shares have been offered, and wish to exercise their right to renounce the Rights Equity Shares offered to them either in full or in part in favour of any other person or persons, the Renouncees shall be eligible to participate under the ASBA process;

(r) Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate;

(s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility;

(t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications;

(u) Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, or obtained from the RBI with the Application and send a copy of such approval to the Registrar www.bigshareonline.com, in case the Application and the resultant Rights Equity Shares will result in the aggregate shareholding or total voting rights of the Applicant (along with persons acting in concert) in our Company, to be in excess of 26% of the post-issue paid-up equity share capital of our Company;

(v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue;

(w) In case of non – receipt of Application Form, application can be made on plain paper mentioning all necessary details as mentioned under the section "*Terms of the Issue - Application on Plain Paper*" on page 99;

(x) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

(a) Ensure that the Application Form and necessary details are filled in;

(b) Except for Application Forms submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act;

(c) Ensure that the demographic details such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**") are updated, true and correct, in all respects;

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialized form only;

(b) Ensure that the Application Forms are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application;

(c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares), as the case may be, applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the ASBA Account mentioned in the Application Form before submitting the Application Form to the respective Designated Branch of the SCSB;

(d) Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same;

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location;

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper application;

(g) In accordance with Regulation 78 of the SEBI ICDR Regulations, kindly ensure that the plain paper application forms shall contain all the details required for making the application as mentioned in this chapter and as prescribed in the SEBI ICDR Regulations are specified in the plain paper application;

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and Rights Entitlement Letter;

(i) Investors are requested to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

Do's for Investors applying through R-WAP:

(a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application;

(b) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP;

(c) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment;

(d) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds;

(e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.

Investors will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction. For details, see "*Other Regulatory and Statutory Disclosures –Selling Restrictions*" on page 79;

(b) Do not submit multiple Applications.;

(c) Do not pay the amount payable on application in cash, by money order, pay order or postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application;

Don'ts for Investors applying through ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa;

(b) Do not send your physical Application Forms to the Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only;

(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process;

Don'ts for Investors applying through R-WAP:

(a) Do not apply from bank account of third parties;(b) Do not apply if you are an Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date;

(c) Do not apply if you are a non-resident Investor;

(d) Do not apply from non-resident account;

(e) Do not apply from corporate account;

Grounds for Technical Rejection

The applications are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar;

(b) Sending an Application to Registrar, Escrow Collecting Banks (assuming that such Escrow Collecting Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or the Company;

(c) Submission of more than one application Form for Rights Entitlements available in a particular demat account;

(d) Insufficient funds are available with the SCSB for blocking the Application Money;

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders;

(f) Account holder not signing the Application Form or declaration mentioned therein;

(g) Application Forms that do not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States or any other

restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;

(h) Application Forms which have evidence of being executed in or dispatched from any restricted jurisdiction;

(i) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper application;

(j) Submitting the GIR instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts);

(k) Applications by persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;

(l) Application by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB;

(m) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer;

(n) Physical Application Forms not duly signed by the sole or joint Investors;

(o) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts;

(p) ASBA Investors who have a bank account with an SCSB providing ASBA facility in the location of the ASBA Investors and the application by the ASBA Investors is not made through that SCSB providing ASBA facility in such location;

(q) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected;

(r) If an Investor is (a) debarred by SEBI or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement;

(s) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form;

(t) Applications which have evidence of being executed or made in contravention of applicable securities laws;

(u) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar;

(v) Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

  (a) Applications by non-resident Investors;

  (b) Payment from third party bank accounts;

  (c) Application by shareholders holding Equity Shares in physical form without providing demat account details.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue.

IT IS MANDATORY FOR ALL THE INVESTORS TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT / CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE COMMON APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper applications, as the case may be, the Registrar to the Issue will obtain Demographic Details from the Depository. Hence, Investors should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor.

Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications.

A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "Procedure for Applications by Mutual Funds" on page 114. In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is, [●] i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP,

on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "Basis of Allotment" on page 109. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to rightsissue@bigshareonline.com in case Application through R-WAP facility. However, in accordance with SEBI Circular dated January 22, 2020 bearing no. SEBI/HO/CFD/DIL2/CIR/P/2020/13, the Applicants (whether applying through ASBA facility or R-WAP facility) are not allowed to withdraw their Application post the Issue Closing Date.

Issue Schedule

Issue Opening Date:	[●]
Last date for On Market Renunciation of Rights Entitlement:	[●]
Last date for Off Market Renunciation of Rights Entitlement:	[●]
Issue Closing Date*:	[●]
Finalisation of Basis of Allotment (on or about):	[●]
Date of Allotment (on or about):	[●]
Date of credit (on or about):	[●]
Date of listing (on or about):	[●]

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

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part;

(b) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment;

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment;

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment;

(e) Allotment to any other person that our Board as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding;

(f) After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the SEBI Takeover Regulations. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 read with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository. In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under 2. to 7. Below:

1. Unblocking amounts blocked using ASBA facility.

2. **NACH – National Automated Clearing House** is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

3. **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

4. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

5. **RTGS** – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

6. For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

7. Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

8. **In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 read with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021, in case of Applications made through the RWAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).**

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF

authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

INVESTORS MAY PLEASE NOTE THAT THE ALLOTMENT OF EQUITY SHARES PURSUANT TO THE ISSUE WILL BE ONLY IN DEMAT FORM.

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information (including Investor's age and other details) filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable allotment advice/ refund orders will be directly sent to the Investors by the Registrar to the Issue by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable Foreign Exchange Management (Non-debt Instruments) Rules, 2019and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid- up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by

SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Applications will not be accepted from NRIs in restricted jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category.

As per the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, a NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid -up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the

total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

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 case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or 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 otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 10 lakh or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded /unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of

failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
7. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

In terms of Regulation 86 of the SEBI ICDR Regulations, minimum subscription to be received in an issue shall be at least 90% of the issue. However, such criteria of minimum subscription is not applicable to an issuer if: (a) the object of the issue involves financing other than financing of capital expenditure for a project; and (b) the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights.

Our Company is not required to achieve such minimum subscription for the Issue on account of the following reasons:
(i) the objects of the Issue involve financing other than financing of capital expenditure for a project; and (ii) our Promoter and members of Promoter Group have undertaken to (a) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (b) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the Promoter Group.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof. If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, 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 advertisement has appeared and the Stock Exchanges will also be informed promptly.

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. Our Company shall also inform the same to the Stock Exchanges. If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

Important

1. Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

2. All enquiries in connection with the Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed " Shivam Autotech Limited - Rights Issue" on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

   Bigshare Services Private Limited
   1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
   Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India.
   Tel: +91 22 6263 8200
   E-mail: rightsissue@bigshareonline.com
   Website: www.bigshareonline.com
   Investor Grievance e-mail: investor@bigshareonline.com
   Contact Person: Mr Ashish Bhope
   SEBI Registration Number: NR000001385

   The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**") makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DIPP also issues the Consolidated Foreign Direct Investment Policy ("**FDI Policy**") from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments.

India's current FDI Policy issued by the DIPP with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP till October 15, 2020. In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments.

Further, the existing individual limits for an FPI in our Company shall not exceed 10% of the total paid-up Equity Share capital of our Company for each FPI and the total holdings of all FPIs in the Company shall not exceed 24% of the total paid-up Equity Share capital of our Company. The RBI, in exercise of its power under the FEMA, has also notified Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. SEBI registered FPIs have been permitted to purchase shares of an Indian company through the Offer, subject to total FPI investment being within the individual FPI/sub account investment limit of less than 10% of the total paid-up equity capital on a fully diluted basis of the Company subject to the total holdings of all FPIs/sub accounts including any other direct and indirect foreign investments in the Company shall not exceed 24% of the paid-up equity capital of the Company on a fully diluted basis. The aggregate limit of 24% in case of FPIs may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Company concerned by passing of resolution by the Board of the Company to that effect and by passing of a special resolution to that effect by its Shareholders. With effect from April 1, 2020, the aggregate limit of 24% has increased to the sectoral cap applicable to the Indian Company which in case of the Company is 100%. As per the Regulations, the aggregate limit as provided above was permitted to be decreased by the Company to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its Board of Directors through a resolution and also of its shareholders by means of a special resolution, before March 31, 2020. The Company has not passed any such Board Resolution and hence, has not revised its sectoral caps. Our Company falls within the applicable statutory sectoral limits which presently stand at 100% for the manufacturing sector under the FDI Policy. Further, eligible NRIs and OCIs investing on repatriation basis are subject to individual investment limit of 5% of the total paid-up equity capital on a fully diluted basis subject to the aggregate paid-value of the shares purchased by all NRIs and OCIs put together on repatriation basis not exceeding 10% of the total paid-up equity capital on a fully diluted basis of the Company. The aggregate limit of 10% in case of NRIs and OCIs together may be raised to 24 % if a special resolution to that effect is passed by the shareholders of the Company. As on date, no such resolution for raising the limit has been passed by the Company.

As per Regulation 7 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the RBI has given general permission to Indian companies to issue securities on rights basis to non-resident shareholders including additional securities under the rights issue. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended, issued by the RBI, non-residents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, Allotment of Rights Equity Shares and issue of Allotment advice. The Letter of Offer/Abridged Letter of Offer and CAF shall be dispatched by way of email to only those non-resident Eligible Equity Shareholders who have also provided their Indian addresses. If an NR or NRI Investor has specific approval from the RBI, in connection with their shareholding, they should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares.

The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are

issued on rights basis. As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of our Company between 11.00 a.m. to 2.00 p.m. on any Working Day from the date of the Draft Letter of Offer until the closure of the subscription list.

A. Material Contracts for the Issue

1. Registrar Agreement dated June 9, 2021 made between our Company and Bigshare Services Private Limited.
2. Escrow Agreement dated [●] made between our Company, the Registrar to the Issue and the Banker to the Issue.
3. Tripartite Agreement dated June 11, 2015 between our Company, National Securities Depository Ltd. (NSDL) and M/s. MCS Share Transfer Agent Limited;
4. Tripartite Agreement dated December 04, 2015, between our Company, Central Depository Services (India) Limited (CDSL) and M/s. MCS Share Transfer Agent Limited.

B. Documents for Inspection

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of Incorporation, dated July 29, 2005 issued by the Asst. Registrar of Companies, N.C.T. of Delhi and Haryana, in the name of "Shivam Autotech Limited".
3. Certificate of Registration dated July 18, 2019 issued by the Regional Director for Change of State in respect of the Registered Office of the Company by changing it from the state of Delhi to Haryana before the Registrar of Companies – Delhi.
4. Certificate for Commencement of Business dated October 17, 2005 issued by the Asst. Registrar of Companies, N.C.T. of Delhi and Haryana.
5. Copy of the resolution of the Board of Directors under Section 62 of the Companies Act, 2013 passed in its meeting dated December 28, 2019 authorising the Issue;
6. Consents of our Directors, Company Secretary & Compliance Officer, Statutory Auditors, Legal Advisors, independent Chartered Accountants, Banker to the Issue and Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
7. Annual Reports of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.
8. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.
9. The statement of special tax benefits dated September 21, 2021.
10. Order dated March 30, 2006 of Hon'ble High Court of Delhi at New Delhi, sanctioning the Scheme of Arrangement for demerger of Binola Unit of Munjal Auto Industries Limited with our Company under Sections 391 to 394 of the Companies Act, 1956.
11. Order dated April 25, 2006 of Hon'ble High Court of Gujarat at Ahmedabad, sanctioning the Scheme of Arrangement for demerger of Binola Unit of Munjal Auto Industries Limited with our Company under Sections 391 to 394 of the Companies Act, 1956.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

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

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Sd/-_____
NEERAJ MUNJAL
Managing Director

Sd/-_____
BHAGWAN DAS NARANG
Chairman & Independent Director

Sd/-_____
CHARU MUNJAL
Whole-time Director

Sd/-_____
SUNIL CHINUBHAI VAKIL
Independent Director

Sd/-_____
ANIL KUMAR GUPTA
Non- executive Director

Sd/-_____
JYOTHI PRASAD
Independent Director

SIGNED BY THE DGM-FINANCE OF OUR COMPANY

Sd/-_____
KRISHAN GOPAL GUPTA
DGM-FINANCE

Date: October 06, 2021