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PKH VENTURES LIMITED

Our Company was originally incorporated as "P K Hospitality Services Private Limited" on March 23, 2000, as a private limited company, in accordance with the provisions of the erstwhile Companies Act, 1956, pursuant to a certificate of incorporation dated March 23, 2000 issued by the Registrar of Companies, Maharashtra at Mumbai (RoC). Thereafter, name of our Company was changed to "PKH Ventures Private Limited" and a fresh certificate of incorporation dated June 10, 2021 was issued to our Company by the RoC. Subsequently, our Company was converted to a public limited company, pursuant to a special resolution passed by our shareholders in the extra ordinary general meeting held on August 7, 2021 and the name of our Company was changed to "PKH Ventures Limited" and a fresh certificate of incorporation dated August 20, 2021 was issued to our Company by the RoC. For further details on the changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 237 of the red herring prospectus of our Company dated June 21, 2023 filed with the RoC (RHP or "Red Herring Prospectus").

Registered Office: 201, A Wing, Fortune 2000, C-3, G Block Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. Tel: +91 22 7963 5174 / 3572 2456; Contact Person: Vrush Choksi, Company Secretary and Compliance Officer; Email: compliance@pkhventures.com; Website: http://pkhventures.com; Corporate Identity Number: U55100MH2000PLC125158



(Please scan the QR Code to view the Red Herring Prospectus)

OUR PROMOTER: PRAVIN KUMAR AGARWAL

INITIAL PUBLIC OFFERING OF UP TO 2,56,32,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF PKH VENTURES LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [a] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [a] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [a] LAKHS. THE OFFER COMPRISES FRESH ISSUE OF UP TO 1,82,58,400 EQUITY SHARES AGGREGATING UP TO ₹ [a] LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 73,73,600 EQUITY SHARES BY OUR PROMOTER, PRAVIN KUMAR AGARWAL AGGREGATING UP TO ₹ [a] LAKHS (THE "PROMOTER SELLING SHAREHOLDER") (THE "OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [a] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

The Offer is being made under Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer | Retail Portion: Not less than 35% of the Offer

AVERAGE COST OF ACQUISITION OF EQUITY SHARES FOR THE PROMOTER SELLING SHAREHOLDER IS ₹ 2.41 PER EQUITY SHARE AND OFFER PRICE AT UPPER END OF THE PRICE BAND IS ₹ 148 PER EQUITY SHARE.

PRICE BAND: ₹ 140 TO ₹ 148 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH

THE FLOOR PRICE IS 28.00 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 29.60 TIMES THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 100 EQUITY SHARES AND IN MULTIPLES OF 100 EQUITY SHARES THEREAFTER

In accordance with the recommendation of a Committee of Independent Directors of our Company, pursuant to their resolution dated June 23, 2023, the above provided price band is justified based on quantitative factors / KPIs disclosed in "Basis for the Offer Price" section vis-à-vis the WACA of secondary transaction(s) disclosed in "Basis for the Offer Price" section provided below in the advertisement.

RISKS TO INVESTORS:

- Our Company plans to infuse funds by way of equity in our Subsidiary, Halaipani Hydro Project Private Limited for development of Hydro Power Project of ₹ 12,411.90 lakhs from the Fresh Issue proceeds. We have no experience of developing and operating a hydro power plant. Further, the hydro power project is subject to risks like floods, cloudburst, landslides and such environmental risks.
- We intend to utilise ₹ 4,000 lakhs from the Net Proceeds for inorganic growth through acquisitions and other strategic initiatives, for which we have not yet identified any target and have not yet entered into any definitive agreements.
- The Offer consists of an Offer for Sale of 73,73,600 Equity Shares by the Promoter Selling Shareholder which is 28.77% of the total offer size. Our Company will not receive any proceeds from the Offer for Sale by our Promoter Selling Shareholder.
- The segmental revenue as % of total revenue for the nine months ended December 31, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020:

Business Segments	Dec 31, 2022	FY 2022	FY 2021	FY 2020
Construction and Development	61.24%	46.68%	47.26%	NIL
Hospitality and Sale of Food Products	30.66%	38.50%	15.84%	33.31%
Management Services	7.29%	14.79%	36.25%	62.70%
Other Operating Revenue	0.81%	0.03%	0.65%	3.99%

We derive significant revenues from the Construction & Development vertical and our financial condition would be materially and adversely affected if we fail to obtain new contracts or our current contracts are terminated. Further, we derive our Hospitality revenues mainly from Sale of Food Products. Any adverse developments affecting our Sale of Food Products business could have an adverse effect on our business, results of operations and financial condition.

- Our Company has entered into revenue sharing agreements with our Promoter and Group Companies for certain properties owned by them and which are managed and operated by our Company. In the event of any dispute with Promoter/Group Companies, the above agreements may be terminated which may adversely affect our financial condition, cash flows and results of operations.
- Our business operation requires significant working capital specifically under Construction and Development vertical which will be funded out of the Net Proceeds and remaining by internal accruals. If we experience insufficient cash flows to meet required

payments on our working capital requirements, there may have an adverse effect on our financial condition and results of operations.

- The Weighted Average Cost of Acquisition of all Equity Shares transacted in three years, eighteen months and one year preceding the date of the RHP:

Period	Weighted Average Cost of Acquisition* (in ₹)	Upper end of the price band (₹ 148) is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest Price - Highest Price* (in ₹)
Last one year	Nil	-	Nil
Last eighteen months	Nil	-	Nil
Last three years	15.56	9.51	15.00 - 16.00

* Weighted average cost of acquisition has been computed for two transactions after considering the impact of the corporate actions: bonus issuance and sub-division of equity shares made by the Company.

- The BRLM associated with the Offer has handled 2 public offers in the past three Fiscal Years, out of which 1 offer closed below its offer price on the listing date.

Name of the BRLM	Total Issues	Issues closed below IPO Price on listing date
IDBI Capital Markets & Securities Limited	2	1

For further details and definitions please refer to the RHP.

- Select Financial Ratio

Particular	At Floor Price	At Cap Price
Market Capitalisation to Revenue from Operations	5.78	6.11
Enterprise Value to EBITDA	12.50	13.17

Note:

- Market Capitalisation to revenue from operations ratio has been calculated as market capitalization at floor price/cap price divided by revenue from operations for the financial year ended March 31, 2022, as restated. Market Capitalisation at the floor price/cap price has been calculated by multiplying the floor price/cap price with expected total outstanding number of equity shares of the company after the completion of the offer calculated respectively at floor price/cap price.
- Enterprise Value to EBITDA had been calculated at Enterprise Value divided by EBITDA for the financial year ended March 31, 2022, as restated. Enterprise Value of the company is a sum of Market capitalization at the floor price/cap price (explained above) plus total borrowing less cash and cash equivalent as at March 31, 2022. EBITDA means Earnings before interest, taxes, depreciation and amortization expense.

BID / OFFER PROGRAMME

* UPI mandate end time shall be 5:00 pm on the Bid/Offer Closing Date.

BID / OFFER OPENS ON FRIDAY, JUNE 30, 2023

BID / OFFER CLOSES ON TUESDAY, JULY 4, 2023*

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Promoter Selling Shareholder, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Offer Price is 28.00 times the face value at the lower end of the Price Band and 29.60 times the face value at the higher end of the Price Band. Investors should also refer to the sections "Our Business", "Risk Factors", "Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 196, 31, 281 and 341 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Established track record, • Visible growth through increasing Third Party Development Order Book, Government Projects, Government Hotel Development Projects and Forthcoming Development Projects; • Diverse Business Model; • Asset light model of our Civil Construction business; • Strong financial performance and robust balance sheet; and • Experienced Promoter, Directors & Management Team.

For further details, please see "Our Business—Business Strengths" beginning on page 196 of the RHP.

Quantitative Factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements. For details, see "Restated Financial Statements" beginning on page 281 of the RHP.

Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

1. Basic and Diluted Earnings per Equity Share ("EPS") at face value of ₹ 5 each, as per Restated Financial Statements:

Financial Year/Period	Basic and Diluted EPS (in ₹)	Weight
Financial Year ended March 31, 2022	6.33	3
Financial Year ended March 31, 2021	5.06	2
Financial Year ended March 31, 2020	2.35	1
Weighted Average	5.24	
Nine months period ended December 31, 2022*	4.47	

* The EPS for the nine months period ended December 31, 2022 is not annualised.

Notes:

- Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).
- Basic earnings per share is calculated as restated profit/(loss) for the year/period attributable to equity shareholders divided by weighted average number of equity shares in calculating basic EPS.
- Diluted earnings per share is calculated as restated profit/(loss) for the year/period attributable to equity shareholders divided by weighted average number of diluted equity shares in calculating diluted EPS.
- The weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.
- Weighted average number of basic and diluted Equity Shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The weighted average number of equity shares outstanding during the year/period is adjusted for bonus issue and share split.
- As per approval of Shareholders vide special resolution passed in the duly held Extra-Ordinary General Meeting of Members dated 23rd June 2021, our Company has increased its authorized share capital from ₹ 1,000 lakhs consisting of 100 lakhs equity share of face value of ₹ 10 each to ₹ 5,000 lakhs consisting of 500 lakhs equity shares of face value of ₹ 10 each.
- Further, as per special resolution passed in the duly held Extra-Ordinary General Meeting of Members on 23rd June 2021, the board of directors allotted 2,39,97,000 (Two Crore Thirty Nine Lakh Ninety Seven Thousand and Thirty nine) number of equity shares vide Board Meeting held on 01st July 2021, against existing 79,99,001 (Seventy Nine Lakh Ninety Nine Thousand and Ten) total equity shares existing as fully paid up in our Company as on record date i.e. 12th May 2021, and is hereby made as Bonus Issue to the existing shareholders of our Company in the ratio of 3:1 (i.e. three equity shares for every one equity share held). Consequently, the issued, subscribed and paid-up share capital has increased to ₹ 31,99,40,400 (equity shares of face value of ₹ 10 each).
- Further, as per approval of the shareholders dated 24th July 2021, the existing equity shares of our Company having face value of ₹ 10 each in the Authorized Equity Share Capital of our Company are sub-divided into (Two) Equity Shares having a face value of ₹ 5 each. Pursuant to this resolution the existing issued, paid up and subscribed share capital of our Company stands sub-divided to 1,000 lakhs equity shares of face value of ₹ 5 each.

2. Price Earning ("P/E") Ratio in relation to the Price Band of ₹ 140 to ₹ 148 per Equity Share:

Particulars	P/E ratio at Floor Price (number of times)	P/E ratio at the Cap Price (number of times)
Based on basic EPS for the financial year ended March 31, 2022	22.12	23.38
Based on diluted EPS for the financial year ended March 31, 2022	22.12	23.38

3. Industry P/E ratio

Our Company is into diversified business activities and we believe that there is no listed company in India that engage in such diversified business similar to that of our Company. Accordingly, it is not possible to provide an industry P/E ratio in relation to our Company.

4. Return on Net Worth ("RoNW")

Financial Period	RoNW, as derived from the Restated Financial Statements (%)	Weightage
Financial Year ended March 31, 2022	12.38	3
Financial Year ended March 31, 2021	16.55	2
Financial Year ended March 31, 2020	9.43	1
Weighted Average	12.28	
Nine months period ended December 31, 2022*	8.04	

* The RoNW for the nine months period ended December 31, 2022 is not annualized.

Notes:

- Return on Net Worth ratio (%): Restated net profit for the year/period attributable to equity shareholders of our Company divided by the Restated Net Worth of our Company at the end of the year/period.

- Net Worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation, capital reserve and credit balance of the non-controlling interest.
- Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight.
- Net Asset Value ("NAV") per Equity Share of face value of ₹ 5 each

Financial Year Ended / Period Ended	NAV per equity share derived from the Restated Financial Statements
As on March 31, 2022	51.16
As on December 31, 2022	55.63
After the completion of the Offer	At the Floor Price: 74.36 At the Cap Price: 76.14
Offer Price	[a]

Notes:

- Offer price per Equity Share will be determined on conclusion of the Book Building Process.
- Net Asset Value per Equity Share is calculated as restated net worth excluding revaluation reserves, capital reserve and credit balance of the non-controlling interest at the end of the year/period divided by total number of equity shares outstanding at the end of the year/period.
- Industry Peer Group Comparison
- Our Company is into diversified business activity and we believe that there are no listed companies in India that are engaged in such diversified business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.
- The Offer Price is [a] times of the face value of the Equity Shares.
- The Offer Price of ₹ [a] has been determined by our Company and the Promoter Selling Shareholder in consultation with the BRLM, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Our Business", "Risk Factors", "Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 196, 31, 281 and 341 of the RHP, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" on page 31 of the RHP and you may lose all or part of your investments.
- Key Performance Indicators ("KPIs")

In evaluating our business, we consider and use certain KPIs, as disclosed below which have been used historically by our Company to review and analyse the business performance, which help us in analysing the growth of our various business verticals. The Bidders can refer to the below-mentioned KPIs to make an assessment of our Company's performance and make an informed decision.

These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to IAS measures of performance or as an indicator of our operating performance, liquidity or result of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operations and trends because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS. Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business.

The tables below set forth the details of our KPIs that our Company considers have a bearing for arriving at the basis for the Offer Price. The table also sets forth a brief explanation of the importance of these KPIs for our business and operations, along with details of KPIs as at for the financial years ended March 31, 2022, March 31, 2021, and the nine months period ended December 31, 2022.

Particulars	For nine months period ended December 31, 2022	For the Financial Year ended March 31, 2022	For the Financial Year ended March 31, 2021	For the Financial Year ended March 31, 2020
Revenue from Operations ⁽¹⁾	12,545.57	19,935.20	24,150.91	16,588.70
EBITDA ⁽²⁾	6,466.84	9,902.66	7,861.88	2,262.00
EBITDA Margin (in %) ⁽³⁾	41.71	40.35	29.71	13.38
Profit after tax and non-controlling interest ⁽⁴⁾	2,863.52	4,051.55	3,056.67	1,409.34
PAT Margin (in %) ⁽⁵⁾	18.47	16.51	11.55	8.34
Net worth ⁽⁶⁾	35,601.44	32,737.91	18,471.58	14,940.45
Debt/Equity ⁽⁷⁾	0.48	0.30	0.52	0.17
RoNW (in %) ⁽⁸⁾	8.04	12.38	16.55	9.43
RoA (in %) ⁽⁹⁾	3.08	5.16	4.02	5.76
NAV (in ₹) ⁽¹⁰⁾	55.63	51.16	28.87	24.88

Certified by Mrs. Mittal Agarwal & Co., Chartered Accountants, Statutory Auditors by its certificate dated March 21, 2023. This certificate has been designated as a material document for inspection in connection with the Offer. See "Material Contracts and Documents for Inspection" beginning on page 473 of the RHP.

- Revenue from Operations: This represents the income generated by our Company from its core operating operation. This gives information regarding the scale of operations.
- EBITDA: Calculated as restated profit/(loss) before tax, plus interest, depreciation and amortization expense and finance costs. This gives information regarding the operating profits generated by our Company in comparison to the revenue from operations of our Company.
- EBITDA Margin (in %): Calculated as the percentage of EBITDA during a given year/period divided by Total Income. This gives information regarding operating efficiency of our Company.
- Profit after tax and non-controlling interest: This gives information regarding the overall profitability of our Company.

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