



PRECISION METALIKS LIMITED

**PRECISION METALIKS LIMITED**

Corporate Identification Number: U74900TG2012PLC082194

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad dated July 27, 2012 with the name 'Precision Metaliks Limited'. Subsequently, the company was converted into private limited company and the name was changed to 'Precision Metaliks Private Limited' vide fresh certificate of incorporation issued by the Registrar of Companies, Telangana, Hyderabad on March 18, 2016. Subsequently, our Company was converted again into a public limited company and the name of our Company was changed to 'Precision Metaliks Limited' and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Telangana, Hyderabad, on March 19, 2021. For details of changes in registered office, if any, please refer "History and Certain Other Corporate Matters" on page 99.

**Registered Office:** # 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India

**Corporate Office:** 9-19-43, Suryadev Apartments, Flat – 202, CBM Compound, Visakhapatnam – 530003, Andhra Pradesh, India

**Tel:** +91 891 4884132; **Website:** www.precision-metaliks.com; **E-mail:** cs@precision-metaliks.com

**Contact Person:** Rakesh Kumar Chandak, Company Secretary and Compliance Officer

**PROMOTERS:** ABHISHEK BUSINESS PRIVATE LIMITED AND JAYANTHI ROJA RAMANI

**PUBLIC ISSUE OF 43,00,000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH OF PRECISION METALIKS LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹50 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹40 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO ₹2150 LAKHS ("THE ISSUE"). OF THE ISSUE, 2,16,000 EQUITY SHARES AGGREGATING TO ₹108 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 40,84,000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH AT AN ISSUE PRICE OF ₹50 PER EQUITY SHARE AGGREGATING TO ₹2042 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.45% AND 25.12%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER "TERMS OF THE ISSUE" ON PAGE 165.**

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI (ICDR) REGULATIONS"), AS AMENDED. IN TERMS OF RULE 19(2)(b) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED, THIS IS AN ISSUE FOR AT LEAST 25% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 253 OF SEBI (ICDR) REGULATIONS, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER "ISSUE PROCEDURE" ON PAGE 170.**

All potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process including through UPI mode (as applicable) by providing details of the irrevocable bank accounts and / or UPI IDs, in case of RILs, if applicable, which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. A copy of the Prospectus will be delivered through filing to the Registrar of Companies as under Section 26 of the Companies Act, 2013. For details in this regard, specific attention is invited to "Issue Procedure" on page 170.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹10.00 EACH AND THE ISSUE PRICE OF ₹50 IS 5 TIMES OF THE FACE VALUE**

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first issue of the Issuer, there has been no formal market for the securities of our Company. The face value of the Equity Shares of our Company is ₹10.00. The Issue Price should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The 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 Prospectus. **Specific attention of the investors is invited to the statement of 'Risk Factors' given on page 21 under the section 'General Risks'.**

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares offered through this Draft Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited ("NSE"). Our Company has received an approval letter dated [●] from NSE for using its name in the offer document for listing of our shares on the EMERGE Platform of NSE. For the purpose of this Issue, the Designated Stock Exchange will be NSE.

**LEAD MANAGER TO THE ISSUE****FIRST OVERSEAS CAPITAL LIMITED**

1-2 Bhupen Chambers, Dalal Street, Fountain,  
Mumbai – 400 001, Maharashtra, India.

**Tel No.:** +91 22 4050 9999

**Fax No.:** +91 22 4050 9900

**Email:** satish@focl.in / mala@focl.in

**Investor Grievance Email:** investorcomplaints@focl.in

**Website:** www.focl.in

**SEBI Registration No.:** INM000003671

**Contact Person:** Satish Sheth / Mala Soneji

**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. No.:** +91 22 6263 8200

**Fax. No.:** +91 22 6263 8299

**Email:** ipo@bigshareonline.com

**Investor Grievance Email:** investor@bigshareonline.com

**Website:** www.bigshareonline.com

**SEBI Registration No.:** INR000001385

**Contact Person:** Babu Raphael

**ISSUE PROGRAMME**

**ISSUE OPENS ON:**

[●]

**ISSUE CLOSES ON:**

[●]

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## INDEX

<b>INDEX .....</b>	<b>3</b>
<b>SECTION I – GENERAL .....</b>	<b>4</b>
DEFINITIONS AND ABBREVIATIONS .....	4
CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION.....	14
FORWARD-LOOKING STATEMENTS .....	16
<b>SECTION II - SUMMARY OF THE OFFER DOCUMENT.....</b>	<b>17</b>
<b>SECTION III - RISK FACTORS.....</b>	<b>21</b>
<b>SECTION IV – INTRODUCTION .....</b>	<b>34</b>
THE ISSUE .....	34
SUMMARY FINANCIAL INFORMATION.....	35
GENERAL INFORMATION.....	39
CAPITAL STRUCTURE .....	47
OBJECTS OF THE ISSUE.....	57
BASIS FOR ISSUE PRICE .....	62
STATEMENT OF TAX BENEFITS.....	64
<b>SECTION V: ABOUT THE COMPANY .....</b>	<b>72</b>
INDUSTRY OVERVIEW .....	72
OUR BUSINESS .....	72
KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA .....	95
HISTORY AND CERTAIN CORPORATE MATTERS .....	99
OUR MANAGEMENT .....	103
OUR PROMOTER AND PROMOTER GROUP.....	113
OUR GROUP ENTITIES.....	118
RELATED PARTY TRANSACTIONS .....	120
DIVIDEND POLICY .....	121
<b>SECTION VI – FINANCIAL INFORMATION.....</b>	<b>122</b>
FINANCIAL STATEMENTS .....	122
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	141
FINANCIAL INDEBTEDNESS .....	149
<b>SECTION VII – LEGAL AND OTHER INFORMATION.....</b>	<b>150</b>
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS .....	150
GOVERNMENT AND OTHER APPROVALS .....	153
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	155
<b>SECTION VIII – ISSUE RELATED INFORMATION.....</b>	<b>165</b>
TERMS OF THE ISSUE .....	165
ISSUE STRUCTURE .....	170
ISSUE PROCEDURE.....	173
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES .....	193
<b>SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION.....</b>	<b>196</b>
<b>SECTION X – OTHER INFORMATION.....</b>	<b>221</b>
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	221
DECLARATION.....	223

## SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

*This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or our Articles of Association, Memorandum of Association, policies shall be to such legislation, act or regulation, as amended 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 Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing in ‘Main Provisions of the Articles of Association’, ‘Summary of Our Business’, ‘Our Business’, ‘Risk Factors’, ‘Industry Overview’, ‘Key Regulations and Policies in India’, ‘Financial Information’, ‘Outstanding Litigation and Material Developments’ and “Part B” of “Issue Procedure”, defined terms, will have the meaning ascribed to such terms in these respective sections.*

### Company Related Terms

Term	Description
“Precision Metaliks Limited”, “PML”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Precision Metaliks Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at # 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, our Company.
“you”, “your” or “yours”	Prospective investors in this Issue
AOA/Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Regulation 18 of the SEBI (LODR) Regulations and Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014
Board/ Board of Directors / Our Board	The Board of Directors of our Company, including all duly constituted Committees thereof.
Compliance Officer	Our Company Secretary, Rakesh Kumar Chandak, is the Compliance Officer of our Company.
Director(s)	Director(s) on the Board of our Company, as appointed from time to time, unless otherwise specified.
Equity Shareholders	The holders of the Equity Shares
Equity Shares/Shares	The equity shares of our Company of a face value of ₹10.00 each unless otherwise specified in the context thereof
Group Companies / Group Entities	Such companies as covered under the applicable accounting standards, being Accounting Standard 18 or other entities as considered material in accordance with the Materiality Policy, as described in “ <i>Our Group Entities</i> ” on page 118.
Key Management Personnel / KMP	Key management personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI (ICDR) Regulations, Section 2(51) of the Companies Act, 2013. For details, please refer “ <i>Our Management</i> ” on page 99.
MoA / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Peer Reviewed Auditor	The independent peer reviewed Auditor of our Company M/s. PPKG & Co., Chartered Accountants

Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI (ICDR) Regulations.
Promoters	Abhishek Business Private Limited and Jayanthi Roja Ramani
Registered Office	The registered office of our Company situated at # 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India.
Restated Summary Statements	Audited restated summary statements of assets and liabilities as at March 31, 2021, 2020 and 2019 and audited restated summary statements of profits and losses and cash flows for the period / financial years ended March 31, 2021, 2020 and 2019 of the Company.
Statutory Auditor	The Statutory Auditor of our Company, being M/s. PPKG & Co., Chartered Accountants.

#### Issue Related Terms

Term	Description
Acknowledgement Slip	The slip, document or counter foil issued by the Designated Intermediary to an Applicant as proof of having accepted the Application Form.
Allot / Allotment /Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of Equity Shares to the successful Applicants.
Allottee	A successful Applicant to whom the Equity Shares are Allotted.
Applicant	Any prospective investor who makes an application pursuant to the terms of the Draft Prospectus and the Application Form.
Application	An indication to make an offer during the Issue Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.
Application Form	The form in terms of which an Applicant shall make an Application and which shall be considered as the application for the Allotment pursuant to the terms of the Draft Prospectus.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by an Applicant authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB and will include amounts blocked by RIIs using the UPI mechanism
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB or account of the RIIs blocked upon acceptance of UPI Mandate request by RIIs using the UPI mechanism to the extent of the appropriate Application Amount in relation to an Application by an Applicant.
ASBA Applicant(s)	Any prospective investors in this Issue who applies for Equity Shares of our Company through the ASBA process in terms of the Draft Prospectus.
Bankers to the Issue/ Public Issue Bank	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being [●].
Banker to the Issue Agreement	Agreement to be entered into amongst the Company, LM, the Registrar, Sponsor Bank and the Banker of the Issue.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue, described in “Issue Procedure” on page 173.
Broker Centres	Broker centres notified by the Stock Exchange, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres, along with the name and contact details of the Registered Brokers, are available on the website of NSE on the following link <a href="http://www.nseindia.com">www.nseindia.com</a> .
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue.
NSE SME	The EMERGE Platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares Issued under Chapter IX of the SEBI (ICDR) Regulations, 2018.

Term	Description
CAN / Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
Client ID	Client identification number of the Applicant's beneficiary account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Collection Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The details of the Applicants including the Applicants' address, names of the Applicants' father/husband, investor status, occupations and bank account details.
Depository /Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account or unblock such amounts, as appropriate in terms of the Draft Prospectus.
Designated Intermediaries / Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).
Designated Market Maker / Market Maker	In our case, NNM Securities Private Limited.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated SCSB Branches	Such branches of the SCSBs which collected the ASBA Application Form from the applicants and a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	National Stock Exchange of India Limited.
Draft Prospectus / DP	The Draft Prospectus dated September 27, 2021, filed with National Stock Exchange of India Limited.
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Prospectus constitutes an invitation to subscribe for the Equity Shares.
Equity Shares	Equity Shares of our Company of face value Rs. 10/- each
Electronic Transfer of Funds	Refunds through NACH, NEFT, Direct Credit or RTGS as applicable.
Eligible QFI	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened

Term	Description
	dematerialised accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations.
First Applicant	The Applicant whose name appears first in the Application Form or the Revision Form.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018.
Issue / Public issue / Issue size / Initial Public issue / Initial Public Offer / Initial Public Offering / IPO	Public issue of 43,00,000 Equity Shares of face value of ₹10.00 each of our Company for cash at a price of ₹50 per Equity Share (including a share premium of ₹40 per Equity Share) aggregating to ₹2150 lakhs by our Company, in terms of this Draft Prospectus.
Issue Agreement / MoU	The agreement dated September 15, 2021 entered into amongst our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	The date on which the Issue closes for subscription. In this case being [●], 2021
Issue Opening Date	The date on which the Issue opens for subscription. In this case being [●], 2021
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which prospective Applicants can submit their Applications, including any revisions thereof.
Issue Price	The price at which Equity Shares are being issued by our Company being ₹50 per Equity Share.
Lead Manager / LM	The lead manager to the Issue, in this case being First Overseas Capital Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the EMERGE Platform of NSE.
Market Maker Reservation Portion	2,16,000 Equity Shares of ₹10.00 each at ₹50 per Equity Share aggregating to ₹108 lakhs reserved for subscription by the Market Maker.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 40,84,000 Equity Shares of face value of ₹10.00 each at an Issue Price of ₹50 per equity share aggregating to ₹2042 lakhs.
Net Proceeds	Proceeds of the Issue that will be available to our Company, which shall be the gross proceeds of the Issue less the issue expenses.
Non-Institutional Investors / NIIs	All Applicants, including Category III FPIs that are not QIBs or Retail Individual Investors who have made Application for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs).
Prospectus	The Prospectus to be filed with the RoC for this Issue in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI (ICDR) Regulations, including any addenda or corrigenda thereto.
Public Issue Account	The account to be opened with the Banker to the Issue under Section 40 of the Companies Act, 2013 to receive monies from the ASBA Accounts on the Designated Date.
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations.
Refund Account(s)	Accounts to which the monies to be refunded to the Applicants is transferred from the Public Issue Account in case listing of the Equity Shares does not occur.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals.
Registrar Agreement	The Agreement between the Registrar to the Issue and the Issuer Company dated September 02, 2021, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar to the Issue	The Registrar to the Issue being Bigshare Services Private Limited

Term	Description
Retail Individual Investors/ RIIs	Applicants (including HUFs, in the name of Karta and Eligible NRIs) whose Application Amount for Equity Shares in the Issue is not more than ₹2,00,000/-.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable.
Self Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at www.sebi.gov.in and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
EMERGE Platform of NSE / SME Exchange / Stock Exchange / NSE SME	The EMERGE Platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter IX of the SEBI (ICDR) Regulations.
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIIs into the UPI, and carry out other responsibilities, in terms of the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 issued by SEBI
Underwriters	First Overseas Capital Limited
Underwriting Agreement	The agreement dated September 15, 2021 entered into among the Underwriter and our Company.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI ID	ID created on the UPI for single-window mobile payment system developed by NPCI
UPI ID Linked Bank Account	Account of the RIIs, applying in the issue using the UPI mechanism, which will be blocked upon accepting the UPI mandate to the extent of the appropriate application amount and subsequent debit of funds in the case of allotment.
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to application Amount and subsequent debit of funds in case of Allotment
UPI mechanism	The mechanism using UPI that may be used by RII to make an application in the issue in accordance with the SEBI Circulars
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI Regulations.
Working Day(s)	“Working Day” means all days on which commercial banks in Mumbai are open for business. However, in respect of - (a) announcement of Price Band; and (b) Issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchange, working day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

#### Technical and Industry Related Terms

Term	Description
2W	Two Wheelers
4W	Four Wheelers
ABS	Anti-Locking Braking System
ACMA	Automotive Components Manufacturers Association
AE(s)	Advanced Economies



Term	Description
APAC	Asia-Pacific
ASSOCHAM	The Associated Chambers of Commerce of India
BS	British Standard
CV	Commercial Vehicle
GDP	Gross Domestic Product
HCV	Heavy Commercial Vehicle
HDPE	High Density Polyethylene
IBEF	Indian Brand Equity Foundation
IS	Indian Standard
LDPE	Low Density Polyethylene
MCV	Medium Commercial Vehicle
MPR	Monetary Policy Report
NATRIP	National Automotive Testing and R&D Infrastructure Project
PV	Passenger Vehicle
SIAM	Society of Indian Automobiles Manufacturers, India
SCV	Small Commercial Vehicles
SUV	Sport Utility Vehicle
UV	Utility Vehicle
WPI	Wholesale Price Index

#### Conventional and General Terms and Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AY	Assessment Year
B. A.	Bachelor of Arts
B. Com	Bachelor of Commerce
Banking Regulation Act	Banking Regulation Act, 1949
Bn	Billion
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investor(s)	FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations
Category III Foreign Portfolio Investor(s)	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CBEC	Central Board of Excise and Customs
CDSL	Central Depository Services (India) Limited
Central Sales Tax Act	Central Sales Tax Act, 1956

<b>Term</b>	<b>Description</b>
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from October 15, 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
Copyright Act	The Copyright Act, 1957
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
Environment Protection Act	Environment Protection Act, 1986
EPF Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
F&NG	Father and Natural Guardian
F&O	Futures and Options
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal / Fiscal Year / FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIPB	Foreign Investment Promotion Board
FMC	Forward Market Commission
FOB	Free on Board
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FTA	The Foreign Trade (Development and Regulation) Act, 1992
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of

Term	Description
	India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
HUF(s)	Hindu Undivided Family(ies)
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
IPO	Initial Public Offering
ISIN	International Securities Identification Number
ISO	International Standards Organization
KMP	Key Managerial Personnel
KW	Kilo Watt
LIBOR	London interbank offered rate
Ltd.	Limited
M. A	Master of Arts
M. Com.	Master of Commerce
M.B.A	Master of Business Administration
MAPIN	Market Participants and Investors' Integrated Database
Maternity Benefit Act	Maternity Benefit Act, 1961
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
Minimum Wages Act	Minimum Wages Act, 1948
Mn	Million
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NA	Not Applicable
NAV	Net asset value
NIFTY	National Stock Exchange Sensitive Index
No.	Number
Non Resident	A person resident outside India, as defined under FEMA Regulations
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPV	Net Present Value
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes a Non-resident Indian

Term	Description
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NWR	Negotiable Warehouse Receipt
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Issue.</b>
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent account number
PAT	Profit after tax
Patents Act	Patents Act, 1970
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PCA Act	Prevention of Cruelty to Animals Act, 1960
PIL	Public Interest Litigation
PPP	Public private partnership
Public Liability Act	Public Liability Insurance Act, 1991
Private/(P)	Private
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
QIC	Quarterly Income Certificate
RBI	The Reserve Bank of India
RoC or Registrar of Companies	The Registrar of Companies, Hyderabad, Telangana
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
Sec.	Section
SENSEX	Bombay Stock Exchange Sensitive Index

<b>Term</b>	<b>Description</b>
SME	Small and Medium Enterprise
SSI	Small Scale Industry
STT	Securities Transaction Tax
TPH	Tonnes per hour
Trademarks Act	The Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
US\$ or USD or US Dollar	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
VCF	Venture Capital Funds
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
Wages Act	Payment of Wages Act, 1936
Workmen's Compensation Act	Workmen's Compensation Act, 1923

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

### **Certain Conventions**

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, unless the context otherwise indicates or implies, refers to Precision Metaliks Limited.

### **Use of Financial Data**

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements for the financial years ended March 31, 2021, 2020 and 2019, prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations which are included in this Draft Prospectus, and set out in ‘*Financial Statements*’ on page 122. Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards (the “**IFRS**”) and the Generally Accepted Accounting Principles in the United States of America (the “**U.S. GAAP**”). Accordingly, the degree to which the financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Draft Prospectus, nor do we provide a reconciliation of our financial statements to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

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

### **Currency and units of presentation**

In this Draft Prospectus, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained or derived from internal Company reports and industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, our Company believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Prospectus that are not statements of historical facts constitute ‘forward-looking statements’. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- general economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Inability to identify or acquire new clients;
- our ability to successfully implement strategy, growth and expansion plans and technological initiatives;
- our ability to respond to technological changes;
- our ability to attract and retain qualified personnel;
- the effect of wage pressures, hiring patterns and the time required to train and productively utilize new employees;
- general social and political conditions in India which have an impact on our business activities or investments;
- potential mergers, acquisitions restructurings and increased competition;
- occurrences of natural disasters or calamities affecting the areas in which we have operations;
- market fluctuations and industry dynamics beyond our control;
- changes in the competition landscape;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to manage our growth effectively;
- our ability to compete effectively, particularly in new markets and businesses;
- changes in laws and regulations relating to the industry in which we operate changes in government policies and regulatory actions that apply to or affect our business;
- developments affecting the Indian economy; and
- Inability to meet our obligations, including repayment, financial and other covenants under our debt financing arrangements.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 21, 72 and 141 respectively.

Forward looking statements reflects views as of the date of this Draft Prospectus and not a guarantee of future performance. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company / our Directors nor the Lead Manager, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange.



## SECTION II - SUMMARY OF THE OFFER DOCUMENT

### A. Summary of Business & Industry:

#### *Summary of Business:*

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad dated July 27, 2012 with the name 'Precision Metaliks Limited'. Subsequently, the company was converted into private limited company and the name was changed to 'Precision Metaliks Private Limited' vide fresh certificate of incorporation issued by the Registrar of Companies, Telangana, Hyderabad on March 18, 2016. Subsequently, our Company was converted again into a public limited company and the name of our Company was changed to 'Precision Metaliks Limited' and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Telangana, Hyderabad, on March 19, 2021. Our Company's Promoters are Abhishek Business Private Limited and Jayanthi Roja Ramani.

Our SEZ Unit is situated at Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam, Andhra Pradesh – 530049. Under this Unit we carry out the manufacturing activities / process on Semi-finished Wheels by rendering value added services such as cleaning, washing, buffing, polishing, testing and packing.

#### **Our Major Products / services**

Following is list of our key products / services :

1. Value added services on alloy wheels
2. Automated cleaning of Aluminium chips + briquetting into Ingots
3. Robotic polishing of alloy wheels
4. Other Engineering Services

#### **Our Competitive Strengths**

1. Cost effective, Precise and Automated Solutions
2. Repeat Customer Orders
3. Strong Professional Team

#### **Our Business Strategy**

Our key strategic initiatives are described below:

1. Innovative Solutions, Integrated Manufacturing and Engineering Capabilities
2. Strengthening Customer relationships and capturing larger share of their requirements
3. Quality and quantity supply of auto components and aluminium castings by leveraging our global customer network

#### *Summary of Industry:*

#### **Global Economic Outlook**

(Source: World Economic Outlook – April 2021 / July 2021)

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature. But it could have been a lot worse. Although difficult to pin down precisely, IMF staff estimates suggest that the contraction could have been three times as large if not for extraordinary policy support. Much remains to be done to beat back the

pandemic and avoid divergence in income per capita across economies and persistent increases in inequality within countries.

Economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

## Indian Economy

(Source : IBEF - <https://www.ibef.org/economy/indian-economy-overview> - **ABOUT INDIAN ECONOMY GROWTH RATE & STATISTICS**)

### Introduction

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

### Market size

India's real gross domestic product (GDP) at current prices stood at Rs. 135.13 lakh crore (US\$ 1.82 trillion) in FY21, as per the provisional estimates of annual national income for 2020-21.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

According to data from the RBI, as of the week ended on June 04, 2021, the foreign exchange reserves in India increased by US\$ 6.842 billion to reach US\$ 605 billion.

## B. Promoters:

Abhishek Business Private Limited and Jayanthi Roja Ramani are the Promoters of our Company.

## C. Issue Size:

This is a fresh issue of Equity Shares. Public issue of 43,00,000 equity shares of face value of ₹10.00 each of Precision Metaliks Limited for cash at a price of ₹50 per equity share (including a share premium of ₹40 per equity share) aggregating to ₹2150 lakhs.

## D. Objects of the Issue:

Sr. No.	Object	Amount Proposed to be Utilised from the Net Proceeds (₹ in lakhs)
1.	Meeting Additional Working Capital Requirements	1600.00
2.	General Corporate Purpose	400.00
3.	To meet Issue Expenses	150.00
	<b>Total</b>	<b>2150.00</b>

#### E. Pre-Issue Shareholding of Promoters, Promoter Group:

Sr.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a)	<b>Promoter</b>				
	Abhishek Business Private Ltd.	79,02,800	66.09	79,02,800	48.61
	Jayanthi Roja Ramani	16,28,000	13.61	16,28,000	10.01
b)	<b>Promoter Group</b>	0	0	0	0
	<b>Total</b>	<b>95,30,800</b>	<b>79.70</b>	<b>95,30,800</b>	<b>58.62</b>

#### F. Summary of Financial Information:

(₹ in lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Share Capital	126.20	102.69	5.00
Net Worth	1,536.20	1,057.73	47.28
Total Revenue	4,924.13	2,217.96	5.28
Profit After Tax	149.35	82.39	0.46
Basic and Diluted Earnings per Equity Share	14.42	18.39	0.92
Net Asset Value/Book Value per Equity share (Considering actual No. of shares at end of the year)	121.73	103.00	94.56
Total Borrowings	0.00	0.00	0.00

Our Annual Reports and financial statements are also available on our website at: [www.precision-metaliks.com](http://www.precision-metaliks.com)

#### G. Auditor qualifications which have not been given effect to in the Restated Financial Information:

There are no auditor qualifications which would require adjustments in the Restated Financial Information and for which no such effect has been given.

#### H. Summary of Outstanding Litigations:

For further details regarding the same, please refer to the chapter titled ‘Outstanding Litigations and Material Developments’ beginning on page 150 of the Draft Prospectus.

#### I. Risk Factors:

Please see ‘Risk Factors’ beginning on page 21.

#### J. Summary of Contingent Liabilities of our Company:

We have no contingent liabilities outstanding for which the provision is required to be made.

#### K. Summary of Related Party Transactions:

For further details please refer “Annexure V- Related Party Transaction” on page 139, under the section titled “Financial Information” beginning on page 122 of this Draft Prospectus.

#### L. Financing Arrangements:

There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Draft Prospectus.

**M. Weighted Average Price of the Equity Shares acquired by the Promoter in the last one year preceding the date of this Draft Prospectus:**

Our Promoters have not acquired any shares in the last one year preceding the date of this Draft Prospectus except as disclosed below:

Name of the Promoter	No. of Equity Shares acquired	Weighted Average price of Acquisition (₹)
Abhishek Business Private Limited	78,93,800	3.344
Jayanthi Roja Ramani	15,97,000	0.061

**N. Average cost of acquisition of shares for promoter:**

Name of the Promoter	No. of Equity Shares held	Average cost of Acquisition (₹)
Abhishek Business Private Limited	79,02,800	3.35
Jayanthi Roja Ramani	16,28,000	0.25

**O. Pre-IPO Placement:**

The Company does not intend to undertake Pre-IPO Placement in the Issue.

**P. Issue of equity shares made in last one year for consideration other than cash**

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Prospectus, except the Issue of Bonus shares done on September 23, 2021.

**Q. Split / Consolidation of Equity Shares in the last one year**

There was no split / consolidation of the face value of Equity Shares of our Company since incorporation.

### SECTION III - RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties summarised below, before making an investment in our Equity Shares. The risks described below are relevant to, the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 72 and 141 respectively, as well as the other financial and statistical information contained in this Draft Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in 'Consolidated Financial Statements' on page 122. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP, as restated.*

*If any one or more of the following risks as well as other risks and uncertainties discussed in this Draft Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of your investment.*

*This Draft Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in this Draft Prospectus.*

*These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.*

#### **Materiality**

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

- 1. Some risks may not be material individually but may be material when considered collectively.*
- 2. Some risks may have an impact which is qualitative though not quantitative.*
- 3. Some risks may not be material at present but may have a material impact in the future.*

#### **INTERNAL RISKS**

- 1. There are certain outstanding tax proceedings against our Company and our Promoters which may adversely affect our business, financial condition and results of operations.**

There are certain tax proceedings pending at different levels of adjudication before various authorities, enquiry officers and appellate forums. Such proceedings could divert management time, attention and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. A summary of the outstanding proceedings against our Company and our Promoters as disclosed in this Draft Prospectus, to the extent quantifiable, have been set out below:

Nature of case	Number of cases	Amount involved (₹ in lakhs)
<b>Company</b>		
Direct Tax	1	3.30
Indirect Tax	2	26.84

<b>Our Promoters</b>		
Direct Tax	5	237.83

*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court / Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the court / tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is / are pending.*

For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 150 of this Draft Prospectus.

**2. *We have not entered into any long-term contracts with any of our clients.***

We do not have any long-term contracts with our clients and any change in the business pattern of our existing clients could adversely affect the business of our Company. Although we have satisfactory business relations with our clients and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

**3. *Our operations are significantly located in the Southern region of India and failure to expand our operations may restrict our growth and adversely affect our business***

Currently, all our manufacturing facilities and registered/ corporate offices are situated in the Southern region of India and we are carrying our business mainly from these facilities. Hence our major revenues are generated from operations in this region only. In the event that demand for our services in general reduces or stops by any reason including political discord or instability or change in policies of State, then our financial condition and operating results may be materially and adversely affected. Geographical and functional expansion of our business domain requires establishment of adequate network. As we seek to diversify our regional focus we may face the risk that our competitors may be better known in other markets, enjoy better relationships with customers. Our lack of exposure in geographical boundaries outside our operating region could impact our future revenues.

**4. *Our Company has done allotment of shares to foreign corporate body between August 28, 2019 and June 20, 2020 for which RBI compliances are delayed.***

Our Company has done 6 allotments of shares to Silver MetalX INC for 8,86,826 shares during August 28, 2019 to June 20, 2020. For further details of these allotments, please refer to note 2 in the section "Capital Structure" beginning on page 47. As per FDI rules of RBI, the Company has to do reporting to RBI in form FC-GPR on receipt of Foreign Inward Remittance Certificate (FIRC) and other KYC documents of remitter from the Authorised Dealer, the Bank through which money is received. PML has received the money through Bank of Baroda (erstwhile Vijaya Bank), Dwarakanagar Branch, Visakhapatnam – 530016. However, the Bank vide its letter has shown inability in issuing the FIRCs as after amalgamation of erstwhile Vijaya Bank with Bank of Baroda and migration to enhanced version of Finacle software, the previous authorised branch for foreign exchange are unable to generate the FIRCs. The Bank has escalated the matter to their Amalgamation cell for the FIRCs and once we receive the same, we will complete the compliance by filing requisite FC-GPRs with RBI.

**5. *The recent outbreak of the novel coronavirus could have a significant effect on our results of operations, and could negatively impact our business, revenues, financial condition and results of operations.***

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Since May 2020 many of these measures have been lifted. We proactively engaged with our clients to reassure them and to demonstrate our commitment to restart

our operations and to build confidence in the safety protocols deployed at our office. If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future.

Further, the lockdown was again imposed by the government in some parts of India during April 2021, which was partially relaxed in June 2021, during this lockdown although we have continued with our business, the execution of our business operations was delayed by few weeks.

We cannot predict the degree to, or the time period over, which our business will be affected by the COVID-19 outbreak. For example, this pandemic could necessitate further lockdowns, resulting in significant additional effects on our revenue, financial condition and results of operations. There are numerous uncertainties associated with the COVID-19 outbreak, including the number of individuals who will become infected, availability of a vaccine or a cure that mitigates the effect of the virus, the extent of the protective and preventative measures imposed by governments and whether the virus' impact will be seasonal, among others. Consequently, there may be adverse effects of this pandemic on our short-term business operations and our financial results may be impacted.

**6. We operate in a highly competitive industry with low barriers to entry. We face significant competition and if we fail to compete effectively, our business, prospects, financial condition and results of operations will be adversely affected.**

The Auto ancillary market is highly competitive. We compete with both domestic as well as multinational companies. We also face competition from various regional players. Price competition in the industry is intense. We expect that the level of competition will remain high, which could directly impact the size of our workforce and therefore potentially limit our ability to maintain or increase our profitability. Our continued success depends on our ability to compete effectively against our existing and future competitors. With the potential influx of new competitors, our ability to retain our existing clients and to attract new clients is critical to our continued success.

Further, some of our competitors may be larger than us, have stronger financial resources or a more experienced management team, or have stronger execution capabilities in executing complex projects. They may also benefit from greater economies of scale and operating efficiencies and may have greater experience in facilities management business. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to be awarded a contract. We may also decide not to participate in some projects as accepting such lower margins may not be financially viable and this may adversely affect our competitiveness to bid for and win future contracts. We cannot assure you that we can continue to compete effectively with our competitors in the future, and failure to compete effectively against our current or future competitors may have an adverse effect on our business, results of operations and financial condition.

As a result, there can be no assurance that we will not encounter increased competition in the future. Nor can there be any assurance that our Company will, in light of competitive pressures, be able to remain profitable or, if profitable, maintain its current profit margins.

**7. Our Company had negative cash flow in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

(₹ in lacs)			
Cash flow from	31.03.21	31.03.20	31.03.19
Operating activities	(266.70)	(839.81)	22.80
Investing activities	(1.05)	(84.34)	(18.80)
Financing activities	328.06	927.16	(0.02)

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its 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 flow, it may adversely affect our business and financial operations. For further

details please refer to the section titled ‘Financial Information’ and chapter titled ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ beginning on page numbers 122 and 141, respectively, of the Draft Prospectus.

**8. *We have limited history of operating in the automobile industry vis-à-vis some of our Competitors. If we are not successful in managing our growth, our business may be disrupted and our profitability may be reduced.***

We have limited history of operating in the automobile industry vis-à-vis some of our competitors, wherein our Company has ventured in the year 2012 only. There may be many unforeseen challenges in the business and they may pose bigger risk due to our inexperience. Our business and financial position may be adversely affected to the extent we are not able to deal with these business challenges in a timely and effective manner. Although, we plan to continue to expand our scale of operations, we may not grow at a rate comparable to our growth rate in the past or the growth of the industry, either in terms of income or profit.

We have a limited operational history in these segments. Our results may vary from year to year due to various factors. You should not rely on our past financial results for any year as indicators of future performance. Our future growth is subject to risks arising from a rapid increase in order volume, and inability to retain and recruit skilled staff. Although, we plan to continue to expand our scale of operations, we may not grow at a rate comparable to our growth rate in the past, either in terms of income or profit.

Our future growth may place significant demands on our management and operations and require us to continuously evolve and improve our financial, operational and other internal controls. In particular, continued expansion may pose challenges in:

- maintaining high levels of client satisfaction;
- recruiting, training and retaining sufficient skilled management and trained personnel;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems;
- making accurate assessments of the resources we will require;
- adhering to the standards of quality and process execution to meet clients’ expectations;
- operating in business segments where we have limited experience;
- preserving a uniform culture, values and work environment;
- strengthening internal control and ensuring compliance with legal and contractual obligations;
- managing relationships with clients, suppliers, investors, lenders and service providers; and

If we are not successful in managing our growth, our business may be disrupted and profitability may be reduced. Our business, prospects, financial condition and results of operations may be adversely affected.

**9. *Substantial portion of our revenues has been dependent upon our few clients. The loss of any one or more of our major clients would have a material adverse effect on our business operations and profitability.***

For the period ended March 31, 2021 and financial year ended March 31, 2020, our largest client accounted for approximately 98.79% and 99.68% of our revenues from operations respectively. The loss of this significant client would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from this client or that we will be able to replace this client in case we lose them. Furthermore, major events affecting our client, such as bankruptcy, change of management, mergers and acquisitions could adversely impact our business. If any of our major client becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivable from that client would increase and may have to be written off, adversely impacting our income and financial condition.

**10. *We are dependent upon few suppliers for the material requirements of our business.***



For the financial year ended March 31, 2021, our top 5 suppliers contributed for approximately 99.63% of our purchases. For the financial year ended March 31, 2020, our 100% purchases were from 2 suppliers. Any problems faced by our suppliers resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

***11. The Company is dependent on external suppliers for its major raw material, Aluminium. The cost of Aluminium constitutes the largest component of the Company's costs***

The Company is dependent on external suppliers for procurement of Aluminium alloy, the main raw material for manufacturing auto – ancillary products. If the Company fails to get the required quantity and quality of Aluminium alloy within the required time, the Company's production and delivery schedules may be hampered which may have adverse impact on its business.

Almost 100% of the Company's sales price is linked to LME price of Aluminium. Any major volatility in international Aluminium prices may impact the immediate earnings of the Company. However eventual correction in sales price due to changes in raw material prices leads to smaller or no impact on overall earnings of the Company.

Any problems faced by our supplier resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers. Further any major fluctuations in raw material prices and our inability to recover the same from our customers may lead to reduction in profitability of our Company. Our business, prospects, financial condition and results of operations may be adversely affected.

***12. We have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

As on date, we have not made any alternate arrangements for meeting our fund requirements for the objects of the issue. We meet our fund requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our fund requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may affect our growth plans. For further details please refer to the chapter titled "Objects of the Issue" beginning on page 57 of the Draft Prospectus.

***13. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

We have not paid any dividends since incorporation. Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders.

Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

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

We have entered into related party transactions in the last three financial years, i.e. FY 2021, 2020 and 2019. Further we may enter into transactions with our promoters and our Promoter Group. While we believe that all such transactions will be conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms

had such transactions not been entered into with related parties. Hence, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details, please refer to “Annexure V – Related Party Transactions” of the “Financial Statements” beginning on page 122 of this Draft Prospectus.

***15. Our business and profitability could be adversely affected if we fail to keep pace with changing technology and evolving industry standards and norms or fail to enhance existing services and develop and introduce new latest designs in a timely manner.***

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards and norms and new service introductions. Adaptability is one of the key attributes for success in our industry. Our results of operations and financial condition depend on our ability to develop and introduce new products and services, as well as our ability to modify and upgrade our existing products. Our success will depend on several factors, including proper identification of market demands and the competitiveness of our products with the products introduced by our competitors. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of services we provide.

***16. Our inability to build and maintain our reputation will adversely affect our business, prospects, financial condition and results of operation.***

Reputation is important to the success of our business. Establishing and maintaining our reputation for people relying on our services to look for desired results is critical to the success of the customer acquisition process of our business. No assurance can be given that our reputation will be effective in attracting and growing customer base for our businesses or that such efforts will be cost-effective, which may negatively affect our business, prospects, financial condition and results of operations.

***17. Our success depends largely on our senior management and skilled employees and our ability to attract and retain them.***

Our success depends on the continued services and performance of the members of our senior management team and other key employees. Our continued success also depends upon our ability to attract and retain skilled staff, particularly managers and skilled workers. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of skilled professionals could have a material adverse effect on our operations and profitability. Competition for senior management in our industry in which we operate is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. Moreover, we do not maintain “key man” life insurance policies for senior members of our management team or other key personnel. Any such loss of the services of our senior management personnel or skilled staff could adversely affect our business, prospects, financial condition and results of operation.

***18. Our Promoter, Directors and Key Managerial Personnel of our Company may have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoter is interested in us to the extent of any transactions entered into or his shareholding and dividend entitlement in us. Our directors are also interested in us to the extent of remuneration paid to them for services rendered as our directors and reimbursement of expenses payable to them. Our directors may also be interested in any transaction entered into by us with any other company or firm in which they are shareholders, directors or partners or in their individual capacity. For further details, please refer “Our Promoters and Promoter Group” and “Our Management” on page 113 and 103 respectively.

***19. Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control.

***20. Our Company's management will have flexibility in utilizing the Net Proceeds. There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above ₹10,000.00 lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Net Issue Proceeds to the NSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

***21. Any variation in the utilization of the Net Proceeds as disclosed in this Draft Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.***

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoter or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Issue as prescribed in the SEBI (ICDR) Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition, and may adversely affect our business and results of operations.

***22. We have not obtained the registration of our trademarks used in our businesses and our inability to obtain or maintain these registrations may adversely affect our competitive business position.***

Our Corporate logo is not a registered trademark. Hence, we do not enjoy the statutory protections accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party.

The registration of any trademark is a time-consuming process, and there can be no assurance that any such registration will be granted as and when applied. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. These trademarks are integral to our business, and the loss of any of these intellectual property rights could have a material adverse effect on our business.

There can be no assurance that we will be able to obtain the registration of our trademarks in a timely manner, or at all. If any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks

by third parties other than relief against passing off by other entities. If our application is objected to, we will not have the right to use this trademark or prevent others from using this trademark or its variations. Our inability to obtain or maintain this trademark in our business thus could adversely affect our reputation, goodwill, business, prospectus and results of operations.

***23. We require certain registrations, licenses, approvals and permissions from government and regulatory authorities in the ordinary course of our business and any delay or failure to obtain them may adversely affect our operations.***

We require certain statutory and regulatory approvals, licenses, registrations and permissions, and applications need to be made at the appropriate stages for our business to operate. There can be no assurance that the relevant authorities will issue these approvals or licenses, or renewals thereof in a timely manner, or at all. An inability to obtain or maintain approvals or licenses required for our operations may adversely affect our operations. Government approvals, licenses, clearances and consents are often also subject to numerous conditions, some of which are onerous and may require significant expenditure. Furthermore, approvals, licenses, clearances, and consents covering the same subject matter are often required at both the Central Government and State Government levels. If we fail to comply, or a regulator claims that we have not complied, with these conditions, we may not be able to commence or continue with work or operate these projects. Further, we may become liable to penal action if our activities are adjudged to be undertaken in the manner not authorized under the applicable law. This could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For further information on various approvals or licenses required in connection with our operations, please refer “Government and Other Approvals” on page 153.

***24. Our Company has taken certain insurance cover but that may not be adequate hence we may not be able to protect ourselves from all losses and may in turn adversely affect our financial condition.***

Our Company has taken certain insurance cover at present, for details of our insurance cover *please refer to Chapter titled “Our Business” on page 85*. Though we believe that our insurance cover is adequate but the same may not be able to protect ourselves from all damage or loss suffered by us. To the extent that we suffer loss or damage not covered by our insurance cover, our results of operations or cash flow may be affected.

***25. Certain data mentioned in this Draft Prospectus has not been independently verified.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the limitation that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

***EXTERNAL RISKS***

***26. Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, cash flows and financial condition.***

India is our key market. For Fiscal 2021, majority of our Company’s revenue from operations is from India. In addition, an increase in India’s trade deficit, a downgrading in India’s sovereign debt rating or a decline in India’s foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and our business, results of operations, cash flows and financial condition.

***27. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, in the jurisdictions in which we operate may adversely affect our business and results of operations.***

Our business is subject to various laws and regulations, which are evolving and subject to change. For details, see “Key Industrial Regulations and Policies in India” on page 95. We are also subject to corporate, taxation and other laws in effect in India, which require continued monitoring and compliance. These laws and regulations and the way in which they are implemented and enforced may change. There can be no assurance that future legislative or regulatory changes will not have any adverse effect on our business, results of operations, cash flows and financial condition.

***28. Natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India, or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

***29. Significant differences exist between Ind AS and Indian GAAP and other accounting principles, such as IFRS and US GAAP, which may be material to investors’ assessments of our financial condition, result of operations and cash flows.***

Our financial statements for the FY 2021, 2020 and 2019 included in this Draft Prospectus are prepared and presented in conformity with Indian GAAP and restated in accordance with the requirements the SEBI (ICDR) Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2016)” issued by the ICAI. Ind AS differs from Indian GAAP and other accounting principles with which prospective investors may be familiar in other countries, such as IFRS and U.S. GAAP. Accordingly, the degree to which the Financial Statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Prospectus.

**RISKS RELATING TO THE EQUITY SHARES AND THE ISSUE**

***30. Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for our Equity Shares will develop following the listing of our Equity Shares on the Stock Exchanges.***

There has been no public market for our Equity Shares prior to the Issue. The price may not necessarily be indicative of the market price of our Equity Shares after the Issue is completed. You may not be able to re-sell your Equity Shares at or above the Issue price and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on EMERGE Platform of NSE after the Issue, but there can be no assurance that active trading in our Equity Shares will develop after the Issue, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

The price at which our Equity Shares will trade at after the Issue will be determined by the marketplace and may be influenced by many factors, including:

- Our financial condition, results of operations and cash flows;
- The history of and prospects for our business;
- An assessment of our management, our past and present operations and the prospects for as well as timing of our future revenues and cost structures; and
- The valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;

- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- additions or departures of Key Management Personnel;
- changes in the interest rates;
- fluctuations in stock market prices and volume; and general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in our Equity Shares may experience a decrease in the value of our Equity Shares regardless of our financial performance or prospects.

***31. Any future issuance of Equity Shares by us or sales of Equity Shares by the Promoters could adversely affect the trading price of our Equity Shares and in the case of the issuance of Equity Shares by us result in the dilution of our then current shareholders.***

As disclosed in “Capital Structure” on page 47, an aggregate of at-least 20% of our fully diluted post-Issue capital held by our Promoters shall be considered as minimum Promoters' contribution and locked in for a period of three years and the balance Equity Shares held by the Promoters will be locked-in for one year from the date of Allotment. Except for the customary lock-in on our ability to issue equity or equity-linked securities discussed in “Capital Structure” on page 47, there is no restriction on our ability to issue Equity Shares. As such, there can be no assurance that our Company will not issue additional Equity Shares after the lock-in period expires or that the Promoters will not sell, pledge or encumber their Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and the sale of the underlying Equity Shares could dilute the holdings of our Shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Issue Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

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

Previously, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of Equity Shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

**33. *QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their applications (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a application. Retail Individual Bidders can revise their applications during the Issue Period and withdraw their applications until Issue Closing Date. While we are required to complete Allotment, listing and commencement of trading pursuant to the Offer within six Working Days from the Issue Closing Date, events affecting the Bidders' decision to invest in our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows and financial condition may arise between the date of submission of the Bid and Allotment, listing and commencement of trading. We may complete the Allotment, listing and commencement of trading of our Equity Shares even if such events occur and such events may limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Issue or may cause the trading price of our Equity Shares to decline on listing.

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

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the U.S. and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in 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, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

Our performance, growth and market price of our Equity Shares are and will be dependent on the health of the Indian economy. There have been periods of slowdown in the economic growth of India. Demand for our services may be adversely affected by an economic downturn in domestic, regional and global economies. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, cash flows and financial condition. Also, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

**35. *Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business and financial results.***

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the industry in which we operate. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

For example, the new Companies Act, 2013 contains significant changes to Indian company law, including in relation to the issue of capital by companies, disclosures in offer documents, related party transactions, corporate governance, audit matters, internal controls, shareholder class actions, restrictions on the number of layers of subsidiaries, prohibitions on loans to directors, insider trading and restrictions on directors and key management personnel from engaging in forward dealing. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are

required to spend at least 2% of average net profits from the immediately preceding three financial years on corporate social responsibility projects, failing which an explanation is required to be provided in such companies' annual reports.

The Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, through a press release dated July 6, 2016, deferred the applicability of ICDS from April 1, 2015 to April 1, 2016 and is applicable from FY 2017 onwards and will have impact on computation of taxable income for FY 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. Such specific standards for computation of income taxes in India are relatively new, and the impact of the ICDS on our results of operations and financial condition is uncertain. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition going forward.

The Government of India has recently approved the adoption of a comprehensive national goods and services tax ("GST") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure, with effect from July 1, 2017. Given the limited availability of information in the public domain concerning the GST, we cannot provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

We have not determined the effect of such legislations on our business. In addition, 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 or 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 affect the viability of our current business or restrict our ability to grow our business in the future.

### ***36. Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All our directors and executive officers are residents of India and all of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 ("CPC") on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by



the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the FEMA to execute such a judgment or to repatriate any amount recovered.

***37. The Equity Shares have never been publicly traded, and, after the Issue, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Issue Price, or at all.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the EMERGE Platform of NSE may not develop or be sustained after the Issue. Our Company and the Lead Manager have appointed NNM Securities Private Limited as Designated Market Maker for the Equity Shares of our Company. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in the EMERGE Platform of NSE, securities markets in other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

## SECTION IV – INTRODUCTION

## THE ISSUE

Following table summarises the present Issue in terms of this Draft Prospectus:

Particulars	Details of Equity Shares
<b>Issue of Equity Shares by our Company<sup>#</sup></b>	<b>Issue of 43,00,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share (including a share premium of ₹40 per Equity share) aggregating ₹2150 lakhs</b>
<b>Of which:</b>	
Market Maker Reservation Portion	Issue of 2,16,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share aggregating ₹108 lakhs
Net Issue to the Public*	Issue of 40,84,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share (including a share premium of ₹40 per Equity share) aggregating ₹2042 lakhs
	<b>Of which:</b>
	20,42,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share aggregating ₹1021.00 lakhs will be available for allocation to Retail Individual Investors
	20,42,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share aggregating ₹1021.00 lakhs will be available for allocation to other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.
<b>Pre and Post Issue Share Capital of our Company</b>	
Equity Shares outstanding prior to the Issue	1,19,59,066 Equity Shares
Equity Shares outstanding after the Issue	1,62,59,066 Equity Shares
Objects of the Issue	Please refer “Objects of the Issue” on page 57.

*Public issue of 43,00,000 Equity Shares of ₹10.00 each for cash at a price of ₹50 per Equity Share of our Company aggregating to ₹2150 lakhs is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details please refer ‘Terms of the Issue’ on page 165.*

The Issue has been authorised by our Board pursuant to a resolution dated August 23, 2021, and by our Equity Shareholders pursuant to a resolution passed at the Annual general meeting held on September 02, 2021.

\*As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price offer the allocation in the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

## SUMMARY FINANCIAL INFORMATION

## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(₹ in Lakhs)

Particulars	Note No.	31.03.21	31.03.20	31.03.19
<b>Equity &amp; Liabilities</b>				
<b>Shareholders Fund</b>				
Share capital	I.1	126.20	102.69	5.00
Reserves and surplus	I.2	1,410.00	955.04	42.28
<b>Total Shareholder's Fund</b>		<b>1,536.20</b>	<b>1,057.73</b>	<b>47.28</b>
<b>Non Current Liabilities</b>				
Long Term Borrowings		0.00	0.00	0.00
Long term provisions		0.00	0.00	0.00
Deferred Tax Liability	I.3	0.59	1.31	0.00
<b>Total Current Liabilities</b>		<b>0.59</b>	<b>1.31</b>	<b>0.00</b>
<b>Current Liabilities</b>				
Short Term Borrowings		0.00	0.00	0.00
Trade Payables	I.4	248.43	224.08	183.49
Other Current Liabilities	I.5	323.44	70.89	71.60
Short Term Provisions	I.6	39.05	13.26	0.22
<b>Total Current Liabilities</b>		<b>610.92</b>	<b>308.23</b>	<b>255.31</b>
<b>Total Equity &amp; Liability</b>		<b>2,147.71</b>	<b>1,367.27</b>	<b>302.59</b>
<b>Non-Current Assets</b>				
a) Fixed Assets				
Tangible Assets	I.7	62.48	73.72	2.77
Intangible Assets		0.00	0.00	0.00
<b>Total Fixed Assets (a)</b>		<b>62.48</b>	<b>73.72</b>	<b>2.77</b>
b) Non Current Investments	I.8	239.37	239.37	229.37
c) Long Term Loans and Advances		0.00	0.00	0.00
d) Other Non Current Assets		0.00	0.00	0.00
e) Deferred Tax Assets	I.3	0.00	0.00	0.11
<b>Total Non Current Assets</b>		<b>301.85</b>	<b>313.09</b>	<b>232.25</b>
<b>Current assets</b>				
Current Investments		0.00	0.00	0.00
Inventories	I.9	1,556.25	77.00	0.00
Trade Receivables	I.10	0.00	850.46	4.99

Cash and Cash Equivalents balances	I.11	67.74	7.43	4.42
Short Term Loans and advances	I.12	163.84	99.00	38.53
Other Current Assets	I.13	58.03	20.29	22.40
<b>Total Current Assets</b>		<b>1,845.86</b>	<b>1,054.18</b>	<b>70.34</b>
<b>Total Assets</b>		<b>2,147.71</b>	<b>1,367.27</b>	<b>302.59</b>

**STATEMENT OF PROFIT & LOSS AS RESTATED**

(₹ in Lakhs)

Particulars	Note No.	31.03.21	31.03.20	31.03.19
<b>Income</b>				
Revenue from Operations	II.1	4,924.04	2,217.71	4.08
Other Income	II.2	0.09	0.25	1.20
<b>Total Revenue</b>		<b>4,924.13</b>	<b>2,217.96</b>	<b>5.28</b>
<b>Expenditure</b>				
Cost of Materials Consumed	II.3	4,655.72	2,039.35	0.00
Purchase of Stock in Trade	II.4	64.23	6.50	0.27
Changes in Inventory	II.5	-1,226.25	0.00	0.00
Employee Benefit Expenses	II.6	400.55	3.55	0.39
Other Expenses	II.7	865.28	80.21	3.43
<b>Total (B)</b>		<b>4,759.53</b>	<b>2,129.61</b>	<b>4.09</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>164.60</b>	<b>88.35</b>	<b>1.19</b>
Depreciation and Amortisation Expenses		12.38	3.64	0.44
<b>Profit Before Interest and Tax</b>		<b>152.22</b>	<b>84.71</b>	<b>0.75</b>
Financial Charges	II.8	1.05	0.90	0.02
<b>Profit before Taxation</b>		<b>151.17</b>	<b>83.81</b>	<b>0.73</b>
Provision for Taxation		2.53	0.00	0.22
Provision for Deferred Tax		-0.71	1.42	0.05
<b>Total Taxes</b>		<b>1.82</b>	<b>1.42</b>	<b>0.27</b>
<b>Profit After Tax but Before Extra ordinary Items</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>
Extraordinary Items		0.00	0.00	0.00
Prior Period Items		0.00	0.00	0.00
<b>Net Profit after adjustments</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>

## STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Lakhs)

PARTICULARS	31.03.21	31.03.20	31.03.19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Tax	151.17	83.81	0.73
Adjusted for :			
a. Depreciation	12.38	3.64	0.44
b. Interest Expenses & Finance Cost	1.05	0.90	0.02
c. Interest & Other Income	(0.09)	(0.25)	(1.20)
d. Other Adjustment	0.00	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>164.51</b>	<b>88.10</b>	<b>(0.01)</b>
Adjusted for :			
a. Decrease /(Increase) in Inventories	(1479.25)	(77.00)	0.00
b. Decrease / ( Increase ) in trade receivable	850.46	(845.47)	37.11
b. Decrease / ( Increase ) in Current Investments	0.00	0.00	0.00
c. ( Increase ) / Decrease in short term loans and advances	(64.84)	(60.47)	0.32
d. Increase / ( Decrease ) in Trade Payables	24.35	40.59	(1.20)
e. Increase / (Decrease) in short term provisions	25.79	13.04	0.22
f. Increase / ( Decrease ) in other current liabilities	252.55	(0.71)	(1.34)
g. ( Increase ) / Decrease in Other Current Assets	(37.74)	2.11	(12.08)
<b>Cash generated from operations</b>	<b>(264.17)</b>	<b>(839.81)</b>	<b>23.02</b>
Income Tax Paid ( net of refunds )	2.53	0.00	0.22
<b>NET CASH GENERATED FROM OPERATION</b>	<b>(266.70)</b>	<b>(839.81)</b>	<b>22.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
a. (Purchase) / Sale of Fixed Assets	(1.14)	(74.59)	0.00
b.( Purchase) / Sale of non-current investment	0.00	(10.00)	(20.00)
c. ( Increase ) / Decrease in Long term loans and advances	0.00	0.00	0.00
d. Increase / ( Decrease ) in Long Term Provisions	0.00	0.00	0.00
e. ( Increase ) / Decrease in Other Non Current Assets	0.00	0.00	0.00
f. (Increase) in Misc. Expenses	0.00	0.00	0.00
g. Interest & Other Income	0.09	0.25	1.20
h. Dividend Income	0.00	0.00	0.00
<b>Net cash (used) in investing activities</b>	<b>(1.05)</b>	<b>(84.34)</b>	<b>(18.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
a. Interest & Finance Cost	(1.05)	(0.90)	(0.02)
b. Proceeds from share issued	329.11	928.06	0.00
c. ( Repayments ) / proceeds of long term borrowings	0.00	0.00	0.00
d. ( Repayments ) / proceeds of short term borrowings	0.00	0.00	0.00
<b>Net cash generated/(used) in financing activities</b>	<b>328.06</b>	<b>927.16</b>	<b>(0.02)</b>

<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>60.31</b>	<b>3.01</b>	<b>3.98</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7.43</b>	<b>4.42</b>	<b>0.44</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>67.74</b>	<b>7.43</b>	<b>4.42</b>

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

## GENERAL INFORMATION

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad dated July 27, 2012 with the name ‘Precision Metaliks Limited’. Subsequently, the company was converted into private limited company and the name was changed to ‘Precision Metaliks Private Limited’ vide fresh certificate of incorporation issued by the Registrar of Companies, Telangana, Hyderabad on March 18, 2016. Subsequently, our Company was converted again into a public limited company and the name of our Company was changed to ‘Precision Metaliks Limited’ and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Telangana, Hyderabad, on March 19, 2021.

<b>Company Identification Number</b>	<b>U74900TG2012PLC082194</b>
<b>Address of Registered Office of Company</b>	# 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India
<b>Address of Corporate Office of Company</b>	9-19-43, Suryadev Apartments, Flat – 202, CBM Compound, Visakhapatnam – 530003
<b>Address of Registrar of Companies</b>	The Registrar of Companies, Telangana at Hyderabad 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram, Bandlaguda, Nagole, Hyderabad-500068 Telangana, India
<b>Designated Stock Exchange</b>	National Stock Exchange of India Limited
<b>Listing of Shares offered in this Issue</b>	EMERGE Platform of NSE
<b>Contact Person</b>	<b>Rakesh Kumar Chandak</b> <b>Company Secretary and Compliance Officer</b> <b>Corporate Office :</b> 9-19-43, Suryadev Apartments, Flat – 202, CBM Compound, Visakhapatnam – 530003 Andhra Pradesh, India <b>Tel:</b> +91 891 4884132 <b>Website:</b> www.precision-metaliks.com <b>E-mail:</b> cs@precision-metaliks.com

For details of the changes in our name, registered office and other details, please refer “*History and Certain Other Corporate Matters*” on page 99.

### Our Board of Directors

Details regarding our Board of Directors as on the date of this Draft Prospectus are set forth in the table hereunder:

<b>Sr. No.</b>	<b>Name and Designation</b>	<b>PAN</b>	<b>DIN</b>	<b>Address</b>
1.	<b>Jayanthi Roja Ramani</b> <i>Chairperson / Promoter Director</i>	ANXPJ9308G	05334095	D. No. 49-35-15/A, Sai Sampath Enclave, NGGO’s Colony, Akkayyapalem, Visakhapatnam, Andhra Pradesh – 530016, India.
2.	<b>Sevvana Venkata Raman Rao</b> <i>CEO &amp; Whole Time Director</i>	ACLPR7551G	09302647	Flat No. 208, Blossom Apartments, Indira Nagar, Near Reliance Fresh,

Sr. No.	Name and Designation	PAN	DIN	Address
				Serilingampally, Gachibowli, Hyderabad – 500032, India.
3.	<b>Percy Homi Italia</b> <i>Independent Director</i>	AACPI8871M	00033962	H No. 153/1, Sappers Line, Secunderabad, Telangana – 500003.
4.	<b>Revoor Ramachandra</b> <i>Independent Director</i>	ADHPR8780L	00490051	# 19 1 <sup>st</sup> Cross, 1 <sup>st</sup> Main Road, Near Big Bazaar, New Kempegowda Layout, Kathriguppe, Hosakerehalli, Bangalore, Karnataka – 560085.

For detailed profile of our CEO & Whole Time Director and other Directors, please refer “*Our Management*” and “*Our Promoters and Promoter Group*” on page 103 and 113 respectively.

#### Company Secretary and Compliance Officer

Our Company has appointed Rakesh Kumar Chandak as the Company Secretary and Compliance Officer of our Company, whose contact details are set forth hereunder.

##### **Rakesh Kumar Chandak**

##### **Company Secretary and Compliance Officer**

**Corporate Office :**9-19-43, Suryadev Apartments,

Flat – 202, CBM Compound,

Visakhapatnam – 530003

Andhra Pradesh, India.

**Tel:** +91 891 4884132

**Website:** www.precision-metaliks.com

**E-mail:** cs@precision-metaliks.com

#### Chief Financial Officer

Our Company has appointed Veera Venkata Prakash Rao Baniseti, as the Chief Financial Officer. His contact details are set forth hereunder.

##### **Veera Venkata Prakash Rao Baniseti**

**Corporate Office :**9-19-43, Suryadev Apartments,

Flat – 202, CBM Compound,

Visakhapatnam – 530003

Andhra Pradesh, India.

**Tel:** +91 891 4884132

**Website:** www.precision-metaliks.com

**E-mail:** cfo@precision-metaliks.com

**Applicants can contact the Compliance Officer or the Lead Manager or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

Applicants may contact the Lead Manager for complaints, information or clarifications pertaining to the Issue.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Applicant should give full details such as name of the sole or first Applicant,



ASBA Form number, Applicant DP ID, Client ID, PAN, date of the ASBA Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

**Details of Key Intermediaries pertaining to this Issue of our Company:**

<b>Lead Manager of the Issue</b>	<b>Registrar to the Issue</b>
<b>FIRST OVERSEAS CAPITAL LIMITED</b> 1-2 Bhupen Chambers, Dalal Street, Fountain, Mumbai – 400 001, Maharashtra, India. <b>Tel No.:</b> +91 22 4050 9999 <b>Fax No:</b> +91 22 4050 9900 <b>Email:</b> satish@focl.in / mala@focl.in <b>Investor Grievance Email:</b> investorcomplaints@focl.in <b>Website:</b> www.focl.in <b>SEBI Registration No:</b> INM000003671 <b>Contact Person:</b> Satish Sheth / Mala Soneji	<b>BIGSHARE SERVICES PRIVATE LIMITED</b> 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra, India <b>Tel. No.:</b> +91 22 6263 8200 <b>Fax. No.:</b> +91 22 6263 8299 <b>Email:</b> ipo@bigshareonline.com <b>Investor Grievance Email:</b> investor@bigshareonline.com <b>Website:</b> www. bigshareonline.com <b>SEBI Registration No.:</b> INR000001385 <b>Contact Person:</b> Babu Raphel
<b>Banker to the Company</b>	
<b>IDBI Bank Limited,</b> 9-14-15, Pydah Chambers, VIP Road, Siripuram, Visakhapatnam – 530003, Andhra Pradesh, India <b>Tel No.:</b> +91 891 2871967 <b>Email:</b> ibk10000031@idbi.co.in <b>Contact Person:</b> K Anil Kumar <b>Website:</b> www.idbibank.in	
<b>Legal Advisor to the Issue</b>	<b>Statutory &amp; Peer Review Auditor of the Company*</b>
<b>DRC Legal &amp; Associates</b> Francis Chawl, Opp. Jayshree Hotel, Dayal Das Road, Vile Parle (East), Mumbai – 400 057 Maharashtra, India <b>Tel:</b> +91 22 2614513 <b>Email:</b> drclegal.associates@gmail.com <b>Contact Person:</b> D. R. Chaudhary	<b>M/s. PPKG &amp; Co.,</b> Chartered Accountants # 5-8352, 7 <sup>th</sup> Floor, Flat – 701, Raghav Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500001, Telangana, India <b>Tel No.:</b> +91 40 2320 5049 <b>Email:</b> giri@ppkg.com <b>Contact Person:</b> CA Girdhari Lal Toshniwal <b>Membership Number –</b> 205140 <b>Firm Registration No:</b> 0009655S
<b>Banker to the Issue/ Sponsor Bank</b>	
[•]	[•]

### **Changes in Auditors**

The following changes relating to Auditors took place during last 3 years:

1. KSP Raju and Associates resigned as Statutory Auditors of the Company vide their letter dated April, 20, 2021.
2. PPKG & Co. were appointed as auditors of the Company in place of KSP Raju and Associates to fill in the casual vacancy caused by the said resignation and PPKG & Co. held office upto the conclusion of the ensuing annual general meeting. The same was ratified by the shareholders in their annual general meeting on September 02, 2021 (9<sup>th</sup> AGM).
3. PPKG & Co. were re-appointed as Statutory Auditors of our Company for a period of 5 years from the conclusion of 9<sup>th</sup> AGM till the conclusion of 14<sup>th</sup> AGM at AGM dated September 02, 2021.

### **DESIGNATED INTERMEDIARIES**

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

The list of SCSBs is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which an Applicant, not applying through Syndicate/ Sub Syndicate or through a Registered Broker, CRTA or CDP may submit the Application Forms available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> on the SEBI website, or at such other website as may be prescribed by SEBI from time to time.

#### **Registered Brokers**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the NSE i.e. [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

#### **RTAs**

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

#### **Collecting Depository Participants**

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange [www.nseindia.com](http://www.nseindia.com) as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI [www.sebi.gov.in](http://www.sebi.gov.in) and updated from time to time.

#### **Credit Rating**

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

#### **IPO Grading**

Since the issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

### **Statement of Responsibility of the Lead Manager/Statement of inter se allocation of responsibilities**

Since First Overseas Capital Limited is the sole Lead Manager to this Issue, a statement of *inter se* allocation of responsibilities amongst Lead Managers is not required.

### **Expert Opinion**

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

Our Company has received written consent from the Independent Peer Reviewed Statutory Auditor namely, M/s. PPKG & Co., Chartered Accountants to include their name in this Draft Prospectus and as “expert” in respect of the reports of the Independent Peer Reviewed Auditor on (i) the Restated Financial Statements, dated August 23, 2021 and (ii) the statement of tax benefits dated August 23, 2021 included in this Draft Prospectus. Such consent has not been withdrawn as on the date of this Draft Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

### **Debenture Trustees**

This is an issue of equity shares; hence appointment of debenture trustee is not required.

### **Appraisal and Monitoring Agency**

The objects of the Issue have not been appraised by any agency.

The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company. In terms of Regulation 41 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of ₹10,000 lakhs.

### **Filing of the Offer Document**

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

A copy of the Prospectus, along with the material contracts and documents referred elsewhere in the Prospectus, will be delivered to the RoC Office situated at 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram, Bandlaguda, Nagole, Hyderabad-500068, Telangana, India.

### **Underwriting Agreement**

This Issue is 100% Underwritten. The Underwriting agreement is dated September 15, 2021. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriter has indicated its intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹in lakhs)	% of the Total Issue Size Underwritten
<b>FIRST OVERSEAS CAPITAL LIMITED</b> 1-2 Bhupen Chambers, Dalal Street, Fountain, Mumbai – 400 001, Maharashtra, India. <b>Tel No.:</b> +91 22 4050 9999 <b>Fax No:</b> +91 22 4050 9900 <b>Email:</b> satish@focl.in / mala@focl.in <b>Website:</b> www.focl.in <b>SEBI Registration No:</b> INM000003671 <b>Contact Person:</b> Satish Sheth / Mala Soneji	43,00,000*	2150.00	100%

\* Includes Market making portion of 2,16,000 shares

In the opinion of our Board of Directors, the resources of the above-mentioned Underwriter are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

#### Details of the Market Making Arrangement for this Issue

Our Company has entered into Market Making Agreement dated September 15, 2021, with the Lead Manager and NNM Securities Private Limited, a Market Maker, duly registered with NSE to fulfil the obligations of Market Making. The details of Market Maker are set forth below:

<b>Name</b>	NNM Securities Private Limited
<b>Office Address</b>	B-6 & 7, Plot No.31, Siddhivi Nayak Plaza, 2nd Floor, C.T.No.602,Village Oshiwara, Off Link Road, Andheri (West), Mumbai-400058
<b>Tel no.</b>	+91-22-4079000-099
<b>Email</b>	<a href="mailto:compliance@nnmsecurities.com">compliance@nnmsecurities.com</a>
<b>Website</b>	<a href="http://www.nnmsecurities.com">www.nnmsecurities.com</a>
<b>Contact Person</b>	Nikunj A. Mittal
<b>SEBI Registration No.</b>	INZ000234235

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

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

- 1) The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the Stock Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
- 2) The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than ₹1,00,000 shall be allowed to offer their holding to the Market Maker in that scrip provided that they sell their entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.

- 3) After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Equity Shares of market maker in our Company reaches to 25%. (Including the 5% of Equity Shares of the Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 5% of Issue Size would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
- 4) There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
- 5) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
- 6) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 7) On the day of listing, there will be pre opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of listing on the discovered price during the pre-open call auction.
- 8) There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- 9) The Market Maker shall have the right to terminate said arrangement by giving a One month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker.

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations, 2018. Further the Company and the Lead Manager reserve the right to appoint other Market Maker either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

- 10) **Risk containment measures and monitoring for Market Makers:** EMERGE Platform of NSE will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
- 11) **Punitive Action in case of default by Market Makers:** EMERGE Platform of NSE will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Stock Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

- 12) **Price Band and Spreads:** The price band shall be 20% and the market maker spread (difference between the buy and sell quote) shall be within 10% or as intimated by Exchange from time to time.

- 13) Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market maker(s) during market making process has been made applicable, based on the issue size and as follows:

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

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

#### **WITHDRAWAL OF THE ISSUE**

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of NSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

## CAPITAL STRUCTURE

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

No.	Particulars	Amount (₹ in lakhs except share data)	
		Aggregate nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	1,65,00,000 Equity Shares of ₹10.00 each	1650.00	-
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	1,19,59,066 Equity Shares of ₹10.00 each	1195.91	-
<b>C.</b>	<b>Present Issue in terms of this Draft Prospectus</b>		
	Issue of 43,00,000 Equity Shares for cash at a price of ₹50 per Equity Share	430.00	2150.00
	<i>Which comprises:</i>		
	2,16,000 Equity Shares at a price of ₹50 per Equity Share reserved as Market Maker portion	21.60	108.00
	Net Issue to the Public of 40,84,000 Equity Shares at a price of ₹50 per Equity Share	408.40	2042.00
	<i>Of which:</i>		
	20,42,000 Equity Shares at a price of ₹50 per Equity Share will be available for allocation to Retail Individual Investors up to ₹2,00,000/-	204.20	1021.00
	20,42,000 Equity Shares at a price of ₹50 per Equity Share will be available for allocation to other than Retail Individual Investors above ₹2,00,000/-	204.20	1021.00
<b>D.</b>	<b>Issued, Subscribed and Paid-up Share Capital after the Issue</b>		
	1,62,59,066 Equity Shares	1625.91	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue	66.27	
	After the Issue	1786.27	

*The Issue has been authorised by our Board pursuant to a resolution dated August 23, 2021, and by our Equity Shareholders pursuant to a resolution passed at the Annual general meeting held on September 02, 2021.*

**Class of Shares:** The company has only one class of shares i.e. Equity shares of ₹ 10/- each only and all Equity Shares are ranked pari-passu in all respects.

All Equity Shares issued are fully paid-up as on date of the Draft Prospectus. Our Company has not issued any partly paid-up equity shares since its incorporation nor does it have any partly paid-up equity shares as on the date of the Draft Prospectus.

Our Company does not have any outstanding convertible instruments as on the date of the Draft Prospectus.

**Notes to the Capital Structure:****1. Details of changes in Authorised Share Capital:**

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of Change		Date of Shareholders' Meeting	AGM / EGM
From	To		
₹1,00,00,000 consisting of 10,00,000 Equity shares of ₹10.00 each.		On incorporation	-
₹1,00,00,000 consisting of 10,00,000 Equity shares of ₹10.00 each.	₹1,50,00,000 consisting of 15,00,000 Equity shares of ₹10.00 each.	November 01, 2019	EGM
₹1,50,00,000 consisting of 15,00,000 Equity shares of ₹10.00 each.	₹16,50,00,000 consisting of 1,65,00,000 Equity shares of ₹10.00 each.	May 10, 2021	EGM

**2. History of Issued and Paid-Up Share Capital of our Company:**

The history of the equity share capital of our Company is set forth below:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
On Incorporation	50,000	10	10	Cash	Subscription to MOA <sup>(1)</sup>	50,000	5,00,000	Nil
May 31, 2019	1,00,880	10	95	Cash	Further Issue <sup>(2)</sup>	1,50,880	15,08,800	85,74,800
August 28, 2019	2,07,846	10	95	Cash	Further Issue <sup>(3)</sup>	3,58,726	35,87,260	2,62,41,710
October 08, 2019	2,61,660	10	95	Cash	Further Issue <sup>(4)</sup>	6,20,386	62,03,860	4,84,82,810
November 15, 2019	2,80,893	10	95	Cash	Further Issue <sup>(5)</sup>	9,01,279	90,12,790	7,23,58,715
November 18, 2019	98,500	10	95	Cash	Further Issue <sup>(6)</sup>	9,99,779	99,97,790	8,07,31,215
January 15, 2020	27,129	10	95	Cash	Further Issue <sup>(7)</sup>	10,26,908	1,02,69,080	8,30,37,180
June 20, 2020	10,798	10	140	Cash	Further Issue <sup>(8)</sup>	10,37,706	1,03,77,060	8,44,40,920
March 31, 2021	2,24,284	10	140	Cash	Further Issue <sup>(9)</sup>	12,61,990	1,26,19,900	11,35,97,840
September 23, 2021	1,06,97,076	10	Nil	Other than Cash	Bonus Issue <sup>(10)</sup>	1,19,59,066	11,95,90,660	66,27,080

1. Initial allotment of 49,994 Equity Shares to Synergies Castings Limited, 1 Equity Share to Padmanayan Chirala, 1 Equity Share to Buddharaju Satyanarayana Raju, 1 Equity Share to Arindam Ghosh, 1 Equity Share to Satya Surya Venkata Narayana Bulusu, 1 Equity Share to S. Kalyan Chakravarthi and 1 Equity Share to Jayanthi Roja Ramani, being the subscribers to the MoA of our Company.
2. 1,00,880 Equity Shares to Global Commercial Trading LLC.
3. 2,07,846 Equity Shares to Silver MetalX INC.



4. 2,61,660 Equity Shares to Silver MetalX INC.
5. 2,80,893 Equity Shares to Silver MetalX INC.
6. 98,500 Equity Shares to Silver MetalX INC.
7. 27,129 Equity Shares to Silver MetalX INC.
8. 10,798 Equity Shares to Silver MetalX INC.
9. 1,88,570 Equity Shares to Abhishek Business Private Limited and 35,714 Equity Shares to Gayatri Automobiles Private Limited.
10. 1,06,97,076 Equity Shares to existing shareholders, except Silver MetalX INC, as Bonus Issue in the ratio of 39 Equity Shares for every 1 Equity Share.

**3. Issue of Equity Shares for Consideration other than Cash:**

No Equity Shares have been issued by our Company for consideration other than cash or out of revaluation reserves on the date of this Draft Prospectus, except as disclosed below:

- a. Our Company has not issued any Equity Shares out of revaluation reserves since incorporation.
- b. Our Company has not made any bonus issues of Equity Shares in the past, except the Bonus Issue made on September 23, 2021.
4. Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 and Sections 230 to 234 of the Companies Act, 2013.
5. Our Company has not revalued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

**6. Issue of Shares in the preceding two years**

Our Company has issued following Equity Shares in preceding two years:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment
October 08, 2019	2,61,660	10	95	Cash	Further Issue
November 15, 2019	2,80,893	10	95	Cash	Further Issue
November 18, 2019	98,500	10	95	Cash	Further Issue
January 15, 2020	27,129	10	95	Cash	Further Issue
June 20, 2020	10,798	10	140	Cash	Further Issue
March 31, 2021	2,24,284	10	140	Cash	Further Issue
September 23, 2021	1,06,97,076	10	--	Other than Cash	Bonus Issue

7. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.

**8. Issue of Equity Shares in the last one year below the Issue Price:**

Our Company has not issued any Equity Shares in the one year immediately preceding the date of the Draft Prospectus below the Issue Price, except the Bonus Issue made on September 23, 2021.

9. As on the date of the Draft Prospectus, our Company does not have any preference share capital.

**10. Build Up of our Promoter's Shareholding, Promoter's Contribution and Lock-In:**

As on the date of this Draft Prospectus, our Promoters holds 95,30,800 Equity Shares, constituting 79.70% of the pre-issued, subscribed and paid-up Equity Share capital of our Company.

*Build-up of our Promoter's shareholding in our Company*

Date of Allotment / Transfer	Nature of acquisition (Allotment/ Acquired/ transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre-Issue Equity Share Capital (%)	Percentage of Post-Issue Equity Share Capital (%)
	<b>Abhishek Business Private Ltd.</b>						
August 16, 2014	Transfer	9,000	10	10	Cash	0.08	0.06
March 31, 2021	Further Issue	1,88,570	10	140	Cash	1.58	1.16
September 23, 2021	Bonus Issue	77,05,230	10	Nil	Other than Cash	64.43	47.39
	<b>Total -A</b>	<b>79,02,800</b>				<b>66.09</b>	<b>48.61</b>
	<b>Jayanthi Roja Ramani</b>						
July 27, 2012	Subscriber to MoA	1	10	10	Cash	0.00	0.00
March 16, 2016	Transfer	9,000	10	10	Cash	0.08	0.06
March 16, 2016	Transfer	9,000	10	10	Cash	0.08	0.06
March 16, 2016	Transfer	5,000	10	10	Cash	0.04	0.03
March 16, 2016	Transfer	5,000	10	10	Cash	0.04	0.03
March 16, 2016	Transfer	2,999	10	10	Cash	0.03	0.02
March 18, 2021	Transfer	9,700	10	10	Cash	0.08	0.06

September 23, 2021	Bonus Issue	15,87,300	10	Nil	Other than Cash	13.27	9.76
	<b>Total - B</b>	16,28,000				<b>13.61</b>	<b>10.01</b>
	<b>Grand Total (A+B)</b>	<b>95,30,800</b>				<b>79.70</b>	<b>58.62</b>

Our Promoter has confirmed to the Company and the Lead Manager that the acquisition of the Equity Shares forming part of the Promoter's Contribution has been financed from personal funds/internal accruals and no loans or financial from any banks or financial institution has been availed by our Promoter for this purpose. All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Draft Prospectus, none of the Equity Shares held by our Promoter are pledged.

*a) Details of Promoter's Contribution Locked-in for Three Years*

Pursuant to Regulations 236 and 238 of the SEBI (ICDR) Regulations, an aggregate of 20% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoter shall be provided towards minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("Minimum Promoters' Contribution"). Details of the Equity Shares (eligible for inclusion in the Minimum Promoters' Contribution, in terms of Regulation 33 of the SEBI (ICDR) Regulations) forming part of Minimum Promoters' Contribution and proposed to be locked-in for a period of three years are as follows:

Name of the Promoter	Number of Equity Shares Locked-in <sup>(1)</sup>	Percentage of Post-Issue Equity Share Capital (%)
Abhishek Business Private Ltd.	27,60,000	16.975%
Jayanthi Roja Ramani	5,00,000	3.075%
<b>Total</b>	<b>32,60,000</b>	<b>20.050%</b>

<sup>(1)</sup> For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please refer Note no. 10 under "Notes to Capital Structure" of this Draft Prospectus.

Our Promoter has granted written consent to include such number of Equity Shares held by him as may constitute atleast 20% of the post issue Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Minimum Promoters' Contribution from the date of filing of this Draft Prospectus until the commencement of the lock-in period specified above, or for such other time as required under SEBI (ICDR) Regulations, except as may be permitted, in accordance with the SEBI (ICDR) Regulations.

In terms of Regulation 237 of the SEBI (ICDR) Regulations, 2018, we confirm that the Minimum Promoters' Contribution of atleast 20% of the Post Issue Capital of our Company as mentioned above does not consist of;

- Equity Shares acquired during the preceding three years for;
  - consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction;
  - resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the company or from bonus issue against equity shares which are ineligible for minimum Promoters' contribution;
- The Equity Shares held by the Promoters and offered for Minimum Promoters' contribution which are subject to any pledge with any creditor;
- Equity Shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Initial Public offer;

- No Equity shares have been issued to our promoters upon conversion of a partnership firm during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management are ineligible for Minimum Promoters' Contribution.

*b) Equity Shares locked-in for one year*

In addition to Minimum Promoters' Contribution which shall be locked-in for three years, the balance 86,99,066 Equity Shares held by Promoters / promoters group / Others shall be locked in for a period of one year from the date of allotment in the Initial Public Offer as provided in clause (b) of Regulation 238 of the SEBI (ICDR) Regulations, 2018.

*c) Other requirements in respect of 'lock-in'*

In terms of Regulation 239 of the SEBI (ICDR) Regulations, 2018, the entire pre-issue capital held by the Persons other than the Promoter shall be locked in for a period of one year from the date of allotment in the Initial Public Issue.

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, our Company confirms that certificates of Equity Shares which are subject to lock in shall contain the inscription "Non-Transferable" and specify the lock-in period and in case such equity shares are dematerialized, the Company shall ensure that the lock-in is recorded by the Depository.

In terms of Regulation 242 of the SEBI (ICDR) Regulations, 2018, the Equity Shares held by our Promoters and locked in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or public financial institution or a systemically important non-banking finance company or housing finance company, subject to following;

- In case of Minimum Promoters' Contribution, the loan has been granted to the issuer company or its subsidiary (ies) for the purpose of financing one or more of the Objects of the Issue and pledge of equity shares is one of the terms of sanction of the loan.
- In case of Equity Shares held by Promoters in excess of Minimum Promoters' contribution, the pledge of equity shares is one of the terms of sanction of the loan.

However, lock in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the equity shares till the lock in period stipulated has expired.

**Transferability of Locked in Equity Shares:**

In terms of Regulation 243 of the SEBI (ICDR) Regulations, 2018 and subject to provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as applicable;

- The Equity Shares held by our Promoters and locked in as per Regulation 238 of the SEBI (ICDR) Regulations, 2018 may be transferred to another Promoters or any person of the Promoters' Group or to a new promoter(s) or persons in control of our Company, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.
- The equity shares held by persons other than promoters and locked in as per Regulation 239 of the SEBI (ICDR) Regulations, 2018 may be transferred to any other person (including Promoter and Promoters' Group) holding the equity shares which are locked-in along with the equity shares proposed to be transferred, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lockin period stipulated has expired.

## 11. Our shareholding pattern

Pursuant to Regulation 31 of the SEBI (LODR) Regulations, the holding of specified securities is divided into the following three categories: (a) Promoter and Promoter Group; (b) Public; and (c) Non-Promoter - Non Public.

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (XI)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital) As a % of (A+B+C2) (XI) = (VII) + (X)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class : Equity	Classes :preference	Total								
(A)	Promoter & Promoter Group	2	95,30,800	-	-	95,30,800	79.70	95,30,800	-	95,30,800	79.70	-	-	-	-	-	-	95,30,800
(B)	Public	4	24,24,266	-	-	24,24,266	20.27	24,24,266	-	24,24,266	20.27	-	-	-	-	-	-	24,24,266
(C)	Non Promoter - Non Public (KMP)	1	4,000	-	-	4,000	0.03	4,000	-	4,000	0.03	-	-	-	-	-	-	4,000
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	1,19,59,066	-	-	1,19,59,066	100.00	1,19,59,066	-	1,19,59,066	100.00	-	-	-	-	-	-	1,19,59,066

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

a) Our Company will file the shareholding pattern of our Company in the form prescribed under Regulation 31 of SEBI (LODR) Regulations, one day prior to the listing of the Equity Shares.

The shareholding pattern will be uploaded on the website of NSE before commencement of trading of our Equity Shares.

b) There are no Equity Shares against which depository receipts have been issued.

c) Other than the Equity Shares, there is no other class of securities issued by our Company

12. The shareholding pattern of our Promoter and Promoter Group before and after the Issue is set forth below:

Sr.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a)	<b>Promoter</b>				
	Abhishek Business Private Ltd.	79,02,800	66.09	79,02,800	48.61
	Jayanthi Roja Ramani	16,28,000	13.61	16,28,000	10.01
b)	<b>Promoter Group</b>	0	0	0	0
	<b>Total</b>	<b>95,30,800</b>	<b>79.70</b>	<b>95,30,800</b>	<b>58.62</b>

13. The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:

Name of the Promoter	No. of Equity Shares held	Average cost of Acquisition (in ₹)
Abhishek Business Private Ltd.	79,02,800	3.35
Jayanthi Roja Ramani	16,28,000	0.25

14. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as set forth below:

Name	No. of Equity Shares held	Pre-Issue percentage of Shareholding
<b>Directors</b>		
Jayanthi Roja Ramani	16,28,000	13.61
<b>Key Managerial Personnel</b>		
Rakesh Kumar Chandak	4,000	0.03
<b>Total</b>	<b>16,32,000</b>	<b>13.64</b>

15. Particulars of top ten shareholders and the number of Equity Shares held by them are set forth below:

a. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date of the Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Abhishek Business Private Limited	79,02,800	66.09
2.	Jayanthi Roja Ramani	16,28,000	13.61
3.	Silver MetalX INC	9,87,706	8.26
4.	Gayatri Automobile Private Limited	14,28,560	11.95
	<b>Total</b>	<b>1,19,47,066</b>	<b>99.91</b>

b. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date two years prior to the date of the Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Abhishek Business Private Ltd.	9,000	2.51
2.	Jayanthi Roja Ramani	31,000	8.64

3.	Global Commercial Trading LLC	1,00,880	28.12
4.	Silver MetalX INC.	2,07,846	57.94
5.	N Padmaja	10,000	2.79
	<b>Total</b>	<b>3,58,726</b>	<b>100.00</b>

- c. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date one year prior to the date of the Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Jayanthi Roja Ramani	31,000	2.99
2.	Silver MetalX INC.	8,86,826	85.46
3.	Global Commercial Trading LLC	1,00,880	9.72
	<b>Total</b>	<b>10,18,706</b>	<b>98.17</b>

- d. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date ten days prior to the date of the Draft Prospectus:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Abhishek Business Private Limited	1,97,570	15.66
2.	Jayanthi Roja Ramani	40,700	3.23
3.	Silver MetalX INC	9,87,706	78.27
4.	Gayatri Automobile Private Limited	35,714	2.83
	<b>Total</b>	<b>12,61,690</b>	<b>99.98</b>

16. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of this Draft Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
17. None of our Promoter, members of our Promoter Group or our Directors or their immediate relatives have sold or purchased Equity Shares during the six months immediately preceding the date of this Draft Prospectus.
18. There have been no financial arrangements whereby our Promoter, Promoter Group, our directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months preceding the date of this Draft Prospectus, other than in the normal course of business of the financing entity.
19. Our Company, our Promoters, our Directors and the Lead Manager to this Issue have not entered into any buy-back and/or standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Draft Prospectus.
20. There are no safety net arrangements for this public issue.
21. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased so as to ensure that atleast 20% of the Post Issue paid-up capital is locked in for 3 years.

22. Under-subscription in the net Issue, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the NSE.
23. As on the date of filing of this Draft Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
24. All the Equity Shares of our Company are fully paid up as on the date of this Draft Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
25. As per RBI regulations, OCBs are not allowed to participate in this Issue.
26. Our Company has not raised any bridge loan against the proceeds of this Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
27. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
28. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
29. No payment, direct or indirect in the nature of discount, commission, allowances or otherwise shall be made either by us or our Promoter to the persons who receive allotments, if any, in this Issue.
30. We have 7 (Seven) Shareholders as on the date of this Draft Prospectus.
31. Our Promoter and the members of our Promoter Group will not participate in this Issue.
32. Our Company has not made any public issue since its incorporation.
33. As on the date of this Draft Prospectus, the Lead Manager and their respective associates (determined as per the definition of 'associate company' under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company. The Lead Manager and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.
34. Our Company shall ensure that transactions in the Equity Shares by the Promoter and the Promoter Group between the date of filing this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
35. For the details of transactions by our Company with our Promoter Group, Group Companies please refer to paragraph titled "*Details of Standalone Related Party Transactions, as Restated*" in '*Financial Statements*' on page 122.



## OBJECTS OF THE ISSUE

The objects of the Net Proceeds (as defined below) of the Issue are:

1. Meeting additional Working Capital Requirements, and
2. General Corporate Purpose

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

The main object clause of Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association. For the main objects clause of our Memorandum of Association, see “History and Certain Corporate Matters” on page 99.

### Issue Proceeds and Net Proceeds

The details of the proceeds of the Issue are summarized in the table below:

S. No.	Particulars	Amount (₹ in lakhs)
1	Gross Proceeds of the Issue	2150.00
2	Issue Expenses	150.00
3	<b>Net Proceeds of the Issue (excluding the Issue Expenses) (“Net Proceeds”)</b>	<b>2000.00</b>

### Utilization of Net Proceeds and Means of Finance

The proposed utilisation of the Net Proceeds is set forth below:

Sr. No.	Object	Amount Proposed to be Utilised from the Net Proceeds (₹ in lakhs)
1.	Meeting additional Working Capital Requirements	1600.00
2.	General Corporate Purpose	400.00
	<b>Total</b>	<b>2000.00</b>

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

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above-mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Unsecured Loans

or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

We further confirm that no part proceed of the Issue shall be utilised for repayment of any Part of unsecured loan outstanding as on date of this Draft Prospectus.

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

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 21.

#### Details of Use of Net Issue Proceeds:

##### 1. Meeting additional working capital requirements

We will need additional working capital for the growth of our business. We have estimated our additional working capital requirements for FY 2022 which will be funded through the proposed public issue. The working capital will be primarily used for expanding our business operations. Our Company proposes to meet the incremental requirement to the extent of ₹ 1600.00 Lakhs for the FY 2022 from the Net Proceeds of the Issue. The details of estimation of working capital are as mentioned below:

(₹ lakhs)

Particulars	31-Mar-20		31-Mar-21		31-Mar-22	
	Actuals	No. of Days	Actuals	No. of Days	Estimated	No. of Days
<b>Current Assets</b>						
Inventories	77.00	14	1556.25	133	2958.90	120
Trade Receivables	850.45	140	0.00	0	575.34	21
Short Term Loans and Advances	99.00		163.84		300.00	
<b>Total</b>	<b>1026.45</b>		<b>1720.09</b>		<b>3834.25</b>	
<b>Current Liabilities</b>						
Trade payables	222.86	39	248.43	21	739.73	30
Other Current Liabilities	70.90		319.98		342.84	
<b>Total</b>	<b>293.76</b>		<b>568.41</b>		<b>1082.57</b>	
Working Capital Gap	<b>732.69</b>		<b>1151.68</b>		<b>2751.68</b>	
Less: Existing Bank Borrowings	0.00		0.00		0.00	
<b>Net Working Capital Requirement</b>	<b>732.69</b>		<b>1151.68</b>		<b>2751.68</b>	
<b>Proposed Working Capital to be funded from IPO</b>	<b>0.00</b>		<b>0.00</b>		<b>1600.00</b>	
Funded through Internal Accruals and Equity	732.69		1151.68		1151.68	

**Our Company is debt free as on date.**

**Justification (FY 2021-22):**

Our business requires typically very high Inventory levels as we are in the business of auto components used in the Automobile Industry.

We will require working capital to increase based on the following holding periods :

<b>Inventories</b>	We expect Inventory Holding days to be at appx. 120 Days for Fiscal 2021-22 slightly better than the previous year holding period.
<b>Trade Receivables</b>	We expect Debtors Holding days to be at appx. 3 weeks for Fiscal 2021-22 based on our policy of delivering mostly against advance payment with very short credit period to attract new customers
<b>Trade Payables</b>	We expect Creditor's payments days to be appx. 30 Days for Fiscal 2021-22 in line with our past experience.

**Issue Related Expenses**

The total expenses of the Issue are estimated to be approximately ₹150.00 lakhs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses and legal fees, if applicable. The estimated Issue expenses are as follows:

(₹lakhs)			
Activity	Estimated expenses	As a % of the total estimated Issue expenses	As a % of the total Issue size
Payment to Merchant Banker including, underwriting and selling commissions, brokerages, Advisors to the Company, payment to other intermediaries such as Legal Advisors, Registrars etc. and other out of pocket expenses.	65.00	43.33	3.02
Advertising and marketing expenses	50.00	33.33	2.33
Printing and stationery expenses, distribution and postage	4.50	3.00	0.21
Regulatory and other statutory expenses including Listing Fee	30.50	20.33	1.42
<b>Total estimated Issue expenses</b>	<b>150.00</b>	<b>100.00</b>	<b>6.98</b>

**Schedule of implementation**

The entire amount of Working capital and General Corporate purposes will be utilized during FY 2021-22.

**Deployment of Funds in the Project:**

Our Company has incurred the following expenditure on the project till August 31, 2021. The same has been certified by our Statutory Auditors, M/s. PPKG & Co. vide their certificate dated August 31, 2021.

Particulars	Amount (₹ Lakhs)
Public Issue Expenses	21.89
<b>Total</b>	<b>21.89</b>

### Details of balance fund deployment

(₹ in Lakhs)

Sr. No.	Particulars	Expenses Already Incurred	FY 2021-22	Total
1.	Meeting Additional Working Capital Requirements	0.00	1600.00	1600.00
2.	General Corporate Purpose	0.00	400.00	400.00
3.	Public Issue Expenses	21.89	128.11	150.00
	<b>Total</b>	<b>21.89</b>	<b>2128.11</b>	<b>2150.00</b>

### Interim Use of Funds

Pending utilization for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company.

### Appraisal Report

None of the objects for which the Net Proceeds from the Issue will be utilised have been appraised by any financial institutions/banks.

### Bridge Loan

As of the date of this Draft Prospectus, our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds. However, depending on its business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds.

### Monitoring of Utilization of Funds

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

### Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Draft Prospectus, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

### **Other Confirmations**

No part of the Net Proceeds of the Issue will be utilized by our Company as consideration to our Promoter, members of the Promoter Group, Directors, Group Entities or key management personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoter, Directors, key management personnel, associates or Group Entities in relation to the utilization of the Net Proceeds of the Issue.

## BASIS FOR ISSUE PRICE

Investors should read the following summary with the section titled “Risk Factors”, the details about our Company under the chapter titled “Our Business” and its financial statements under the section titled “Financial Information “ beginning on pages 21, 72 and 122 respectively including important profitability and return ratios, as set out in “Annexure VI” under the section titled Financial Information of the Company on page 122 to have a more informed view. The issue price of the Equity Shares of our Company could decline due to these risks and the investor may lose all or part of his/their investment.

### Qualitative Factors

For details of Qualitative factors please refer to the paragraph “Our Competitive Strengths” in “Our Business” beginning on page 72.

### Quantitative Factors (Based on Standalone Financial Statements)

#### 1. Basic & Diluted Earnings Per Share (EPS):

Period	Basic and Diluted EPS (₹)	Weights
FY 2021	14.42	3
FY 2020	18.39	2
FY 2019	0.92	1
<b>Weighted Average</b>	<b>13.49</b>	

Notes:

1. Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) ‘Earnings per Share’, notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.

2. Basic Earnings per share = Net profit/ (loss) after tax, as restated attributable to equity shareholders /Weighted average number of shares outstanding during the year/ period.

3. Diluted Earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year/ period.

4. The figures disclosed above are based on the Restated Consolidated Financial Statements of our Company.

#### 2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 50.00:

- Based on the basic and diluted EPS of ₹14.42 as per restated financial statements for the year ended March 31, 2021, the P/E ratio is 3.47.
- Based on the weighted average EPS of ₹13.49, as per restated financial statements the P/E ratio is 3.71.
- Industry P/E

Industry P/E (Auto Ancillaries)	
▪ Highest – Investment & Precision	357.26
▪ Lowest – Uni Abex Alloy	11.60
▪ Average – Industry Composite	129.63

Note: The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see “Peer Competitors – Comparison of Accounting Ratios” at point 6 below.

### 3. Return on Net Worth

Period	Return on Net Worth (%)	Weights
FY 2021	9.72%	3
FY 2020	7.79%	2
FY 2019	0.97%	1
<b>Weighted Average</b>	<b>7.62%</b>	

### 4. Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required maintaining pre-Issue EPS:

A) Based on weighted average EPS of ₹13.49

At the Issue Price of ₹50: 44.55% based on restated financial statements.

B) Based on Basic and Diluted EPS for the year ended March 31, 2021 of ₹14.42

At the Issue Price of ₹50: 47.61% based on restated financial statements.

### 5. Net Asset Value per Equity Share

Period	NAV per equity share (Rs.)
As of March 31, 2021	121.73
NAV per Equity Share after the Issue is	30.28
Issue Price per Equity Share is	50.00

### 6. Peer Competitors – Comparison of Accounting Ratios

Name of the Company	CMP* (₹)	Face Value (₹)	EPS (₹)	P/E# Ratio	RONW (%)	NAV (₹)	Total Revenue (₹ crore)
Precision Metaliks Limited***	50.0	10	14.42	3.47	9.72%	121.73	49
Remsons Industries**	233.45	10	11.65	20.04	21.20	54.94	197
Uni Abex Alloy**	627.7	10	54.12	11.60	19.24	281.24	106
Investment & Precision**	339.4	10	0.95	357.26	0.64	146.93	105

\* Source : Issue Price for PML and others closing market price on September 17, 2021 on BSE

\*\* Source: Data sourced from "Moneycontrol App" based on Standalone financials for FY 2021

# Computed by dividing the closing market price on September 17, 2021 on BSE by EPS

\*\*\*Based on March 31, 2021 restated financial statements.

The face value of Equity Shares of our Company is ₹10 per Equity Share and the Issue price of ₹50 is 5 times of the face value.

The Issue Price of ₹50 is determined by our Company, in consultation with the Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled 'Risk Factors', and chapters titled 'Our Business' and 'Financial Information' beginning on page 21, 72 and 122, respectively of the Draft Prospectus.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO PRECISION METALIKS LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,  
**The Board of Directors**  
**Precision Metaliks Limited**  
# 6-3-855/10/A, Flat No. 4A,  
Sampathji Apartments, Saadat Manzil, Ameerpet,  
Hyderabad – 500016, Telangana, India.

Dear Sirs,

#### **Sub: Statement of possible special tax benefits**

We hereby certify that the enclosed annexure states the possible Tax Benefits available to Precision Metaliks Limited (the “Company”) and to the Equity Shareholders of the Company under the provisions of the Income Tax Act, 1961 presently in force in India. Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the Investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India.

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

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

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income Tax Act, 1961 as of date.

This report is intended solely for your information and for the inclusion in the Offer documents in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **M/s PPKG & Co.**  
**Chartered Accountants**

Sd/-

**CA GIRDHARI LAL TOSHNIWAL**  
FRN No- 0009655S / Membership No. 205140

Date: 23/08/2021  
Place: Hyderabad



## **Annexure**

### **STATEMENT OF TAX BENEFITS**

*The information provided below sets out the possible tax benefits available to the Company and the Equity Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, and disposal of Equity Shares, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an Investor can avail.*

### **YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF THE EQUITY SHARES IN YOUR PARTICULAR SITUATION SPECIAL TAX BENEFITS TO THE COMPANY**

#### **Benefit under Section 10AA of Income Tax Act, 1961:**

Under Section 10AA of the Income Tax Act, 1961, the Company is eligible for Tax Benefits available to SEZ Units.

Further, the Company has the manufacturing unit registered under Visakhapatnam Special Economic Zone (VSEZ) in Andhra Pradesh. The SEZ Unit is entitled to following fiscal incentives:

1. The Unit registered is exempted from levy of GST, CST, and Service Tax (earlier years).
2. Exemption from payment of Income Tax on Export Income:
  - 100% of export profit is eligible for the deduction for the first five years.
  - 50% of export profit is eligible for the deduction for the next five years.
  - Amount not exceeding 50% of export profit is eligible for the deduction for the next five years.
3. Further, the following are additional incentives promoted by the State Government of Andhra Pradesh to Units registered under SEZ:
  - Single Window Clearance Mechanism for all State Level Clearances.
  - Exemption from levy of A.P. VAT.
  - Exemption from Payment of Stamp Duty and Registration Fees on Registration of Lease Deeds.
  - 100% Exemption from Payment of Stamp Duty and Registration Fee for Loan Agreements, Credit Deeds, Mortgages and Hypothecation Deeds executed by the Special Economic Zone Units, for Assets in the Special Economic Zone in favour of Banks and Financial Institutions.
  - Exemption from Payment of Capital Contribution Charges for Supply of Water.
  - 25% of the Tax Paid during the Financial Year will be ploughed back to all Eligible Industries as a Grant by the Government towards the Payment of Tax for the next Financial Year.

- Projects with an Investment of Rs.100 Crores and above, are eligible for all the Tax Incentives available to Large and Medium Scale Industries.
  - The Government will also provide customized benefits to suit to particular investment requirements on case – to – case basis.
4. SEZ is a designated Duty free enclave and treated as Foreign Territory for Trade Operations, Duties and Tariffs.
  5. Exemption from Customs and Central Excise duty on import/local procurement for the purpose of Establishment and maintenance of the Unit.
  6. 100% Direct Foreign Investment permitted through Automatic Route in SEZ Units and Full and Free Repatriation of Export Proceeds permitted.
  7. Sub – contracting of part of Production or Production Process permitted in the Domestic Tariff Area. Sub – contracting part of Production Process is also permitted abroad.

#### **GENERAL TAX BENEFITS TO THE COMPANY (UNDER THE INCOME TAX ACT, 1961)**

1. In accordance with the provisions of Section 10(34) of the Act, Dividend Income (Referred to in Section 115O) will be exempt from Tax.
2. In case of Loss under the Income Head "Profit and Gains from Business or Profession", it can be set – off with other income and the excess loss after set – off can be carried forward for setting – off with the Business Income of the Next Eight Assessment Years.
3. In accordance with Section 32(1)(ii), the Company can claim Depreciation on specified Tangible Assets (Buildings, Plant and Machinery, Computers and Vehicles) and Intangible Assets (Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other Business or Commercial Rights of similar nature acquired on or after 1st April' 1998) owned by It and used for the purpose of its business. In case of any new Plant and Machinery (other than ships and aircraft) that will be acquired and installed by the Company engaged in the business of manufacture or production of any article or thing, the Company will be entitled to a further sum equal to twenty percent of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the Act.
4. In case of Loss under the Income Head "Profit and Gains from Business or Profession", it can be set – off with other income and the excess loss after set – off can be carried forward for setting – off with the Business Income of the Company for next Eight Assessment Years.
5. In accordance with Section 112 of the Act, the Tax on Capital Gains on Transfer of Listed Shares, where the transaction is not chargeable to Securities Transaction Tax, and held as Long Term Capital Assets will be the lower of:
  - ❖ 20% (Plus applicable Surcharge and Education Cess ) of the Capital Gains as computed after Indexation of the Cost; (or)
  - ❖ 10% (Plus applicable Surcharge and Education Cess) of the Capital Gains as computed without Indexation.
6. In accordance with Section 111A of the Act, Capital Gains arising from the Transfer of a Short Term Capital Asset, being an Equity Share in a Company and such transaction is chargeable to the Securities Transaction Tax, then the Tax Payable on the Total Income shall be the aggregate of the following:
  - (i) the Amount of Income Tax calculated on such Short Term Capital Gains at the rate of 15%(Plus applicable

Surcharge and Education Cess); and

(ii) the Amount of Income Tax payable on the balance amount of the Total Income, as if such balance amount were the Total Income.

7. In accordance with Section 35D, the Company is eligible for deduction in respect of Specified Preliminary Expenditure incurred by the Company in connection with extension of its Undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the Five Successive Previous Years, beginning with the Previous Year in which the extension of the Undertaking is completed or the new unit commences production or operations, subject to the conditions and limits specified in that Section.

8. In accordance with Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal instalments for each of the succeeding previous years subject to the conditions specified in that Section.

9. In accordance with Section 35, the Company is eligible for–

○ Deduction in respect of any expenditure, not being in the nature of Capital Expenditure, on Scientific Research related to the Business, subject to the conditions specified in that Section.

▪ As per Section 35(2AA), Deduction of 200% shall be allowed as Deduction of the Sum Paid by the Company, to a National Laboratory or a University or the Indian Institute of Technology or a Specified Person as specified in this Section with a specific direction that the amount shall be used for Scientific Research undertaken under a programme, approved in this behalf by the Specified Authority, subject to conditions specified in that Section.

In accordance with the provisions of Section 80 – IA, the Company can claim, subject to fulfillment of certain conditions, Deduction of an amount equal to Hundred Percent of the Profits and Gains derived from the Business of Development of Infrastructure Facilities including Construction of Roads, Bridges, Rail Systems, Highways, Irrigation Projects, Ports etc., for Ten Consecutive Assessment Years out of Twenty Years, beginning from the year in which the Company develops such facility.

10. The amount of Income Tax paid under section 115JB by the Company for any Assessment Year, beginning on or after April 1'2006 will be available as Tax Credit for succeeding years the Assessment Year in which MAT Credit becomes allowable, in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961.

#### **Section 115O of the Income Tax Act, 1961**

✓ Tax on Distributed Profits of Domestic Companies between 01.04.2003 to 31.03.2020

✓ Any amount Declared, Distributed or Paid by the Company, by way of Dividend, shall be charged to Additional Income Tax at the rate of 15%, Plus applicable Sur charge and Education Cess.  
w.e.f 1.4.2021 there is no tax on distributed profits of domestic companies.

#### **Tax Rates**

✓ The Tax Rate is 25%

✓ The Surcharge on Income Tax is 7% if the Taxable Income exceeds ₹1,00,00,000/-

- ✓ The Surcharge on Income Tax is 12% if the Taxable Income exceeds ₹10,00,00,000/-
- ✓ Higher Education Cess is 4%

## **SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

**NIL**

## **GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

### **I. Under the Income Tax Act, 1961**

#### **A. RESIDENTS**

1. The Shares of the Company held as Capital Asset for a period of more than twelve months preceding the Date of Transfer, will be treated as a Long Term Capital Asset.

2. As per the provisions of Section 71, if there is a Loss under the Income Head "Capital Gains", it cannot be set – off with the Income, under any other Head. Further, Section 74 provides that the Short Term Capital Loss can be set – off against any Long Term Capital Gain. But Long Term Capital Loss cannot be set – off against Short Term Capital Gains.

3. In accordance with Section 112 of the Act, the Tax on Capital Gains on Transfer of Listed Shares, where the transaction is chargeable to Securities Transaction Tax, held as Long Term Capital Assets will be the lower of:

❖ 10% (Plus applicable Sur charge and Education Cess) of the Capital Gains as computed after Indexation of the Cost; (or)

❖ 10% (Plus applicable Sur charge and Education Cess) of the Capital Gains as computed without Indexation.

4. In accordance with Section 111A, Capital Gains arising from the Transfer of a Short Term Capital Asset being an Equity Share in a Company and such transaction is chargeable to Securities Transaction Tax, the Tax payable on the Total Income shall be the aggregate of the following:

(i) The Amount of Income Tax calculated on such Short Term Capital Gains at the rate of 15% (Plus applicable Surcharge and Education Cess); and

(ii) The Amount of Income Tax payable on the balance amount of the Total Income, as if such balance amount were the Total Income.

5. In accordance with the provisions of Section 54EC, Long Term Capital Gains arising on Transfer of the Shares of the Company on which Securities Transaction Tax is not payable, shall be exempt from Tax, if the Gains are invested within a period of six months from the date of Transfer in the purchase of a Long Term Specified Asset. The Long Term Specified Asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). *The Notifications issued by Government of India specifies that no such Bonds will be issued to a person, exceeding ₹50 Lakhs.*

If only a part of the Capital Gain is so invested, the exemption would be limited to the amount of the Capital Gain so invested.

If the Specified Asset is transferred or converted into money at any time, within a period of three years from the Date of Acquisition, the amount of Capital Gains on which Tax was not charged earlier, shall be deemed to be Income chargeable under the Head "Capital Gains" of the Year, in which the Specified Asset is transferred.

6. In accordance with Section 54ED, Capital Gains arising on the Transfer of a Long Term Capital Asset, being Listed Securities on which Securities Transaction Tax is not payable, shall be exempt from tax, provided the whole of the Capital Gains is invested within a period of six months in Equity Shares forming part of an Eligible Issue of Capital.

If only a part of the Capital Gain is so invested, the exemption would be limited to the amount of the Capital Gain so invested.

If the Specified Equity Shares are sold or otherwise transferred within a period of one year from the Date of Acquisition, the amount of Capital Gains on which tax was not charged earlier, shall be deemed to be Income chargeable under the Head "Capital Gains" of the Year, in which the Specified Equity Shares are transferred. The Cost of the Specified Equity Shares will not be eligible for Deduction under Section 80C of the Income Tax Act, 1961.

7. In accordance with the provisions of Section 54F, Long Term Capital Gains arising on the transfer of the Shares of the Company held by an Individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from Capital Gains Tax, if the Net Consideration is utilized, within a period of one year before, or two years after the date of the transfer, in the purchase of a New Residential House, or for Construction of a Residential House within three years. Such benefit will not be available if the Individual or Hindu Undivided Family:

- ❖ Owns more than One Residential House, other than the new residential house, on the Date of Transfer of the Shares; or

- ❖ Purchases another Residential House, within a period of one year after the Date of Transfer of the Shares; or

- ❖ Constructs another Residential House, within a period of three years after the Date of Transfer of the Shares; and

- ❖ The Income from such Residential House, other than the One Residential House Owned on the Date of Transfer of the Original Asset, is chargeable under the Income Head "Income from House Property"

If only a part of the Net Consideration is invested, so much of the amount of Capital Gains as bears to the whole amount of the Capital Gains, the same proportion as the Cost of the New Residential House bears to the Net Consideration, shall be exempt from Tax.

If the New Residential House is transferred within a period of three years from the Date of Purchase or Construction, the Amount of Capital Gains on which Tax was not charged earlier, shall be deemed to be the Income chargeable under the Income Head "Capital Gains" of the Year, in which the Residential House is transferred.

## **B. NON – RESIDENTS**

a. In accordance with Section 10(38), any Income arising from the Transfer of a Long Term Capital Asset being an Equity Share in a Company, is not includible in the Total Income, if the transaction is chargeable to Securities Transaction Tax.

b. In accordance with Section 48, Capital Gains arising out of Transfer of Capital Asset being Shares in the Company, and such transaction is not chargeable to Securities Transaction Tax, shall be computed by Converting the Cost of Acquisition, Expenditure incurred in connection with such Transfer and the Full Value of the Consideration received or accruing as a result of the Transfer, into the same Foreign Currency as was initially utilized in the Purchase of the Shares and the Capital Gains computed in such Foreign Currency shall be reconverted into Indian Currency, such that the aforesaid manner of computation of Capital Gains shall be applicable in respect of Capital Gains accruing / arising from every re – investment thereafter and Sale of Shares or Debentures of an Indian Company, including the Company.

c. In accordance with Section 112 of the Act, the Tax on Capital Gains on Transfer of Listed Shares, where the transaction is not chargeable to Securities Transaction Tax, and held as Long Term Capital Assets, will be at the rate of 20% (Plus applicable surcharge and Education Cess).

d. In accordance with Section 111A of the Act, Capital Gains arising from the Transfer of a Short Term Capital Asset, being an Equity Share in a Company and such transaction is chargeable to Securities Transaction Tax, the Tax payable on the Total Income shall be the aggregate of the following:

- The Amount of Income Tax calculated on such Short Term Capital Gains at the rate of 15% (Plus applicable Surcharge and Education Cess); and
- The Amount of Income Tax payable on the balance amount of the Total Income, as if such balance amount were the Total Income.

e. In accordance with Section 54EC, Long Term Capital Gains arising on Transfer of the Shares of the Company on which Securities Transaction Tax is not payable, shall be exempt from Tax, if the Gains are invested within six months from the Date of Transfer in the Purchase of a Long Term Specified Asset. The Long Term Specified Asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). *The Notifications issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹50 Lakhs.*

If only a part of the Capital Gain is so invested, the exemption would be limited to the amount of the Capital Gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

f. In accordance with Section 54ED, Capital Gains arising on the transfer of a Long Term Capital Asset being Listed Securities, on which Securities Transaction Tax is not payable, shall be exempt from tax, provided the whole of the Capital Gains is invested within a period of six months in Equity Shares forming part of an Eligible Issue of Capital.

If only a part of the Capital Gain is so invested, the exemption would be limited to the amount of the Capital Gain so invested.

If the Specified Equity Shares are sold or otherwise transferred within a period of one year from the Date of Acquisition, the amount of Capital Gains on which tax was not charged earlier shall be deemed to be Income chargeable under the Income Head "Capital Gains" of the Year, in which the Specified Equity Shares are transferred. The Cost of the Specified Equity Shares will not be eligible for deduction under Section 80C of the Income Tax Act, 1961.

g. In accordance with provisions of Section 54F, Long Term Capital Gains arising on the transfer of the Shares of the Company held by an Individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from Capital Gains Tax if the Net Consideration is utilized, within a period of one year before, or two years after the Date of Transfer, in the Purchase of a New Residential House, or for Construction of a Residential House within three years. Such benefit will not be available if the Individual or Hindu Undivided Family:

- ❖ Owns more than One Residential House, other than the new residential house, on the Date of Transfer of the Shares; or
- ❖ Purchases another Residential House, within a period of one year after the Date of Transfer of the Shares; or
- ❖ Constructs another Residential House, within a period of three years after the Date of Transfer of the Shares;

and

❖ The Income from such Residential House, other than the One Residential House Owned on the Date of Transfer of the Original Asset, is chargeable under the Income Head "Income from House Property"

If only a part of the Net Consideration is invested, so much of the amount of Capital Gains as bears to the whole amount of the Capital Gains, the same proportion as the Cost of the New Residential House bears to the Net Consideration, shall be exempt from Tax.

If the New Residential House is transferred within a period of three years from the Date of Purchase or Construction, the Amount of Capital Gains on which Tax was not charged earlier, shall be deemed to be Income chargeable under the Income Head "Capital Gains" of the Year, in which the Residential House is transferred.

## SECTION V: ABOUT THE COMPANY INDUSTRY OVERVIEW

*The information in this section has been extracted from reports publicly available documents and information, including, but not limited to, materials issued or commissioned by the Government of India and certain of its ministries, trade and industry-specific publications and other relevant third-party sources.*

*We are engaged in the manufacturing of auto components for our clients who are mainly part of Automobile Industry. Further, the extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. While the Company has exercised reasonable care in relying on such government, industry, market and other relevant data in this document, it has not been independently verified by the Company or any of its advisors, nor the Lead Manager or any of its respective advisors, and should not be relied on as if it had been so verified.*

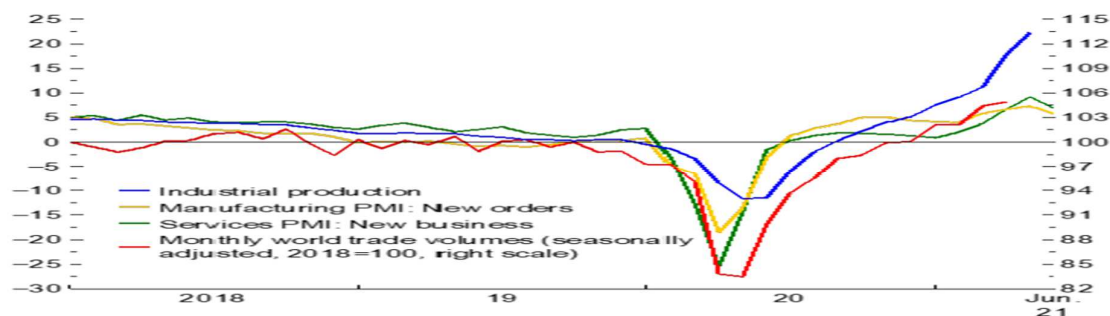
### **Global Economic Outlook**

(Source: World Economic Outlook – April 2021 / July 2021)

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature. But it could have been a lot worse. Although difficult to pin down precisely, IMF staff estimates suggest that the contraction could have been three times as large if not for extraordinary policy support. Much remains to be done to beat back the pandemic and avoid divergence in income per capita across economies and persistent increases in inequality within countries.

Economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

**Figure 2. Global Activity Indicators**  
(Three-month moving average, annualized percent change; deviations from 50 for PMIs, unless noted otherwise)



Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver Analytics; Market Economics; and IMF staff estimates.  
Note: PMI above 50 indicates expansion while below 50 indicates contraction. PMI = purchasing managers' index.



## **Divergent Recoveries Expected to Continue into 2022**

The baseline forecast reflects the influences of the forces discussed earlier and rests on the following key assumptions:

- **Vaccines, therapies, and the pandemic:** Local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022 through a combination of better-targeted precautions and improved access to vaccines and therapies. Advanced economies are generally on track to achieve broad vaccine availability by summer 2021. Some emerging markets are assumed to get to that point later this year. Most countries are assumed to gain broad access by the end of 2022. Some countries will get to low levels of local transmission sooner than others depending on country-specific circumstances. The baseline nonetheless assumes the possibility of additional waves before vaccines are widely available.
- **Fiscal policy:** The forecast assumes additional fiscal support in the United States in line with the overall cumulative size of the current administration's proposed American Jobs Plan and American Families Plan. The baseline also incorporates expected Next Generation EU grants and loans into the forecasts for those economies. As noted in Box 2, fiscal deficits in most emerging markets are projected to decline in 2021.
- **Monetary policy:** Major central banks are assumed to leave policy rates unchanged throughout the forecast horizon (end of 2022). Some emerging market central banks have begun reducing support, and more are expected to follow suit later in 2021.
- **Rising commodity prices:** Commodity prices are expected to increase at a significantly faster pace than assumed in the April 2021 WEO. Amid the strengthening global recovery, oil prices are expected to rise close to 60 percent above their low base in 2020. Non-oil commodity prices are expected to rise close to 30 percent above 2020 levels, reflecting particularly strong increases in the price of metals and food.
- **Handoff to private activity:** The buildup of excess household savings over the past five quarters of subdued contact-intensive activity and travel is a key aspect of the unprecedented downturn and rebound. As seen in Figure 4, savings tended to accumulate more in countries with larger above-the-line fiscal support to households, which buffered disposable incomes. As economies reopen, private spending is expected to pick up, financed in part by these savings. The speed at which these savings are drawn down will influence the pace of the recovery and inflation pressure. The forecast assumes a smooth handoff from extraordinary policy support to private-activity-led growth, with a gradual drawdown of excess savings. IMF staff analysis suggests a more substantial accumulation of savings in places with relatively lower pre-pandemic household saving rates, indicating some reversion to the mean and the rebuilding of household net worth, which would weigh on the immediate spending impulse.

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for Emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

## **Indian Economic Outlook**

(Source : IBEF - <https://www.ibef.org/economy/indian-economy-overview> - **ABOUT INDIAN ECONOMY GROWTH RATE & STATISTICS**)

### **Introduction**

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

## **Market size**

India's real gross domestic product (GDP) at current prices stood at Rs. 135.13 lakh crore (US\$ 1.82 trillion) in FY21, as per the provisional estimates of annual national income for 2020-21.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

According to data from the RBI, as of the week ended on June 04, 2021, the foreign exchange reserves in India increased by US\$ 6.842 billion to reach US\$ 605 billion.

## **Recent Developments**

With an improvement in the economic scenario, there have been investments across various sectors of the economy. Private Equity - Venture Capital (PE-VC) sector recorded investments worth US\$ 20 billion in the first five months of 2021, registering a 2x growth in value compared with the same period in 2020. Some of the important recent developments in Indian economy are as follows:

- Merchandise exports stood at US\$ 62.89 billion between April 2021 and May 2021, while imports touched US\$ 84.27 billion. The estimated value of service exports and imports between April 2021 and May 2021 stood at US\$ 35.39 billion and US\$ 19.86 billion, respectively.
- In May 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 50.8.
- Gross GST collections stood at Rs. 141,384 crore (US\$ 19.41 billion) in April 2021.
- Cumulative FDI equity inflows in India stood at US\$ 763.58 billion between April 2000 and March 2021. Foreign Direct Investment (FDI) inflows in India stood at US\$ 6.24 billion in April 2021, registering an increase of 38% YoY.
- India's Index of Industrial Production (IIP) for April 2021 stood at 126.6 against 143.4 for March 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 5.01 in May 2021 against 1.96 in April 2021.
- Consumer Price Index (CPI) – Combined inflation was 6.30 in May 2021 against 4.23 in April 2021.
- In June 2021, foreign portfolio investors (FPIs) turned net buyers by investing Rs. 12,714 crore (US\$ 1.71 billion) into the Indian markets. According to depositories data, between June 1, 2021 and June 25, 2021, FPIs invested Rs. 15,282 crore (US\$ 2.06 billion) in equities.

## **Government Initiatives**

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term and long-term measures.

In the Union Budget 2021-22, capital expenditure for FY22 is likely to increase to increase by 34.5% at Rs. 5.5 lakh crore (US\$ 75.81 billion) over FY21 (BE) to boost the economy.

Increased government expenditure is expected to attract private investments, with production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.

In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).

The Union Cabinet approved the production linked incentive (PLI) scheme for white goods (air conditioners and LED lights) with a budgetary outlay of Rs. 6,238 crore (US\$ 848.96 million) and the 'National Programme on High Efficiency Solar PV (Photo Voltaic) Modules' with an outlay of Rs. 4,500 crore US\$ 612.43 million).

In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.

To boost the overall audit quality, transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives and large non-banks and housing finance firms.

In May 2021, the Government of India has allocated Rs. 2,250 crore (US\$ 306.80 million) for development of the horticulture sector in 2021-22.

In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

## **Road Ahead**

As indicated by provisional estimates released by the National Statistical Office (NSO), India posted a V-shaped recovery in the second half of FY21. As per these estimates, India registered an increase of 1.1% in the second half of FY21; this was driven by the gradual and phased unlocking of industrial activities, increased investments and growth in government expenditure.

As per the Reserve Bank of India's (RBI) estimates, India's real GDP growth is projected at 9.5% in FY22; this includes 18.5% increase in the first quarter of FY22; 7.9% growth in the second quarter of FY22; 7.2% rise in the third quarter of FY22 and 6.6% growth in the fourth quarter of FY22.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from to 175 gigawatt (GW) by 2022. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

*Note: Conversion rate used for June 2021 is Rs. 1 = US\$ 0.013*

## **INDIAN AUTOMOBILE INDUSTRY**

(Source: <https://www.ibef.org/industry/india-automobiles.aspx> and IBEF Automobile-Infographic-February-2021)

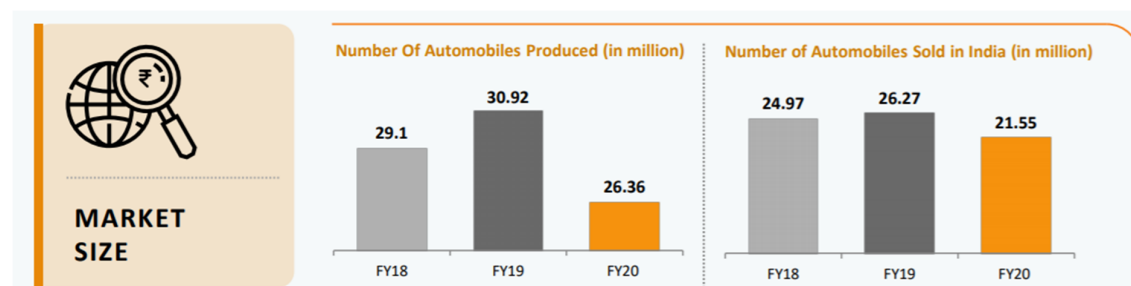
### **Introduction**

In 2020, India was the fifth-largest auto market, with ~3.49 million units combined sold in the passenger and commercial vehicles categories. It was the seventh largest manufacturer of commercial vehicles in 2019.

The two wheelers segment dominate the market in terms of volume owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives by the Government of India and major automobile players in the Indian market is expected to make India a leader in the two-wheeler and four-wheeler market in the world by 2020.

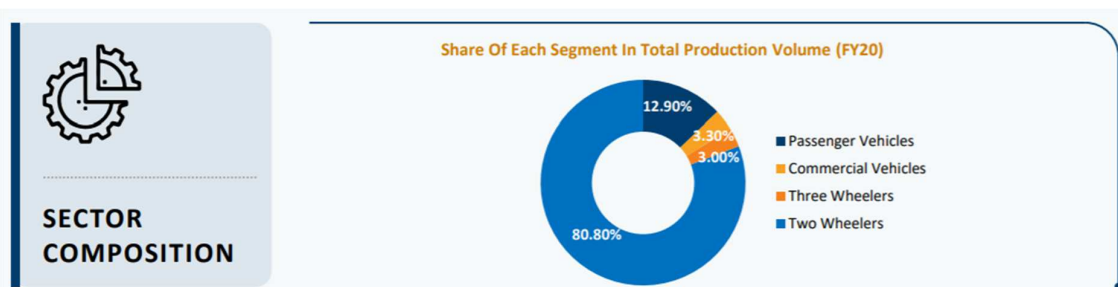
### **Market Size**



Domestic automobiles production increased at 2.36% CAGR between FY16-20 with 26.36 million vehicles being manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29% CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20.

Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8% and 12.9% market share, respectively, accounting for a combined sale of over 20.1 million vehicles in FY20. Two wheeler sales stood at 1,426,865 units in February 2021, compared with 1,294,787 units in February 2020, recording a rise of 10.20%.

Passenger vehicle (PV) sales stood at 281,380 units in February 2021, compared with 238,622 units in February 2020, registering a growth of 17.92%. As per Federation of Automobile Dealers Associations (FADA), PV sales in December 2020 stood at 271,249 units, compared with 218,775 units in December 2019, registering a 23.99% growth.



Overall, automobile export reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94% during FY16-FY20. Two wheelers made up 73.9% of the vehicles exported, followed by passenger vehicles at 14.2%, three wheelers at 10.5% and commercial vehicles at 1.3%.

EV sales, excluding E-rickshaws, in India witnessed a growth of 20% and reached 1.56 lakh units in FY20 driven by two wheelers. According to NITI Aayog and Rocky Mountain Institute (RMI) India's EV finance industry is likely to reach Rs. 3.7 lakh crore (US\$ 50 billion) in 2030. A report by India Energy Storage Alliance estimated that EV market in India is likely to increase at a CAGR of 36% until 2026. In addition, projection for EV battery market is forecast to expand at a CAGR of 30% during the same period.

- Premium motorbike sales in India recorded seven-fold jump in domestic sales, reaching 13,982 units during April-September 2019. The luxury car market is expected to register sales of 28,000-33,000 units in 2021, up from 20,000-21,000 units sold in 2020. The entry of new manufacturers and new launches is likely to propel this market in 2021.

## Investments

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 25.40 billion between April 2000 and December 2020, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent/planned investments and developments in the automobile sector in India are as follows:

- In 2019-20, total passenger vehicle sales reached ~2.8 million, while in FY21 (until February 2021) ~2.3 million units were sold
- In February 2021, the Delhi government started the process to set up 100 vehicle battery charging points across the state to push adoption of electric vehicles.
- In January 2021, Fiat Chrysler Automobiles (FCA) announced an investment of US\$ 250 million to expand its local product line-up in India.
- 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.
- In January 2021, Lamborghini announced it is aiming to achieve sales in India higher than the 2019-levels, after recovering from pandemic-induced disruptions.
- In January 2021, Tesla, the electric car maker, set up a R&D centre in Bengaluru and registered its subsidiary as Tesla India Motors and Energy Private Limited.
- In November 2020, Mercedes Benz partnered with the State Bank of India to provide attractive interest rates, while expanding customer base by reaching out to potential HNI customers of the bank.
- Hyundai Motor India invested ~Rs. 3,500 crore (US\$ 500 million) in FY20, with an eye to gain the market share. This investment is a part of Rs. 7,000 crore (US\$ 993 million) commitment made by the company to the Tamil Nadu government in 2019.
- In October 2020, Kinetic Green, an electric vehicles manufacturer, announced plan to set up a manufacturing facility for electric golf carts besides a battery swapping unit in Andhra Pradesh. The two projects involving setting

up a manufacturing facility for electric golf carts and a battery swapping unit will entail an investment of Rs. 1,750 crore (US\$ 236.27 million).

- 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 and providing auto loans for the purchase of Japanese automobiles in India.
- In October 2020, MG Motors announced its interest in investing Rs. 1,000 crore (US\$ 135.3 million) to launch new models and expand operations in spite of the anti-China sentiments.
- In October 2020, Ultraviolette Automotive, a manufacturer of electric motorcycle in India, raised a disclosed amount in a series B investment from GoFrugal Technologies, a software company.
- In September 2020, Toyota Kirloskar Motors announced investments of more than Rs 2,000 crore (US\$ 272.81 million) in India directed towards electric components and technology for domestic customers and exports.
- During early September 2020, Mahindra & Mahindra signed a MoU with Israel-based REE Automotive to collaborate and develop commercial electric vehicles.
- In April 2020, TVS Motor Company bought UK's iconic sporting motorcycle brand, Norton, for a sum of about Rs. 153 crore (US\$ 21.89 million), making its entry into the top end (above 850cc) segment of the superbike market.
- In March 2020, Lithium Urban Technologies partnered with renewable energy solutions provider, Fourth Partner Energy, to build charging infrastructure across the country.
- In January 2020, Tata AutoComp Systems, the auto-components arm of Tata Group entered a joint venture with Beijing-based Prestolite Electric to enter the electric vehicle (EV) components market.

### **Government Initiatives**

The Government of India encourages foreign investment in the automobile sector and has allowed 100% foreign direct investment (FDI) under the automatic route.

Some of the recent initiatives taken by the Government of India are -

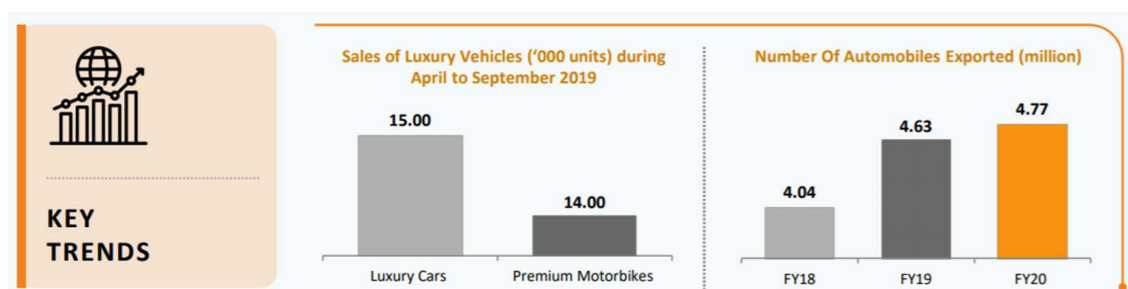
- In Union Budget 2021-22, the government introduced the voluntary vehicle scrappage policy, which is likely to boost demand for new vehicles after removing old unfit vehicles currently plying on the Indian roads.
- In February 2021, the Delhi government started the process to set up 100 vehicle battery charging points across the state to push adoption of electric vehicles.
- The Union Cabinet outlaid Rs. 57,042 crore (US\$ 7.81 billion) for automobiles & auto components sector in production-linked incentive (PLI) scheme under the Department of Heavy Industries.
- The Government aims to develop India as a global manufacturing centre and a Research and Development (R&D) hub.
- Under NATRiP, the Government of India is planning to set up R&D centres at a total cost of US\$ 388.5 million to enable the industry to be on par with global standards.
- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of EVs in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The Government will also set up incubation centre for start-ups working in the EVs space.
- In February 2019, the Government of India approved FAME-II scheme with a fund requirement of Rs. 10,000 crore (US\$ 1.39 billion) for FY20-22.

### **Achievements**

Following are the achievements of the Indian automotive sector:

- In H12019, automobile manufacturers invested US\$ 501 million in India's auto-tech start-ups according to Venture intelligence.
- Investment flow into EV start-ups in 2019 (till end of November) increased nearly 170% to reach US\$ 397 million.

- On 29<sup>th</sup> July 2019, Inter-ministerial panel sanctioned 5,645 electric buses for 65 cities.
- NATRiP's proposal for "Grant-In-Aid for test facility infrastructure for EV performance Certification from NATRIP Implementation Society" under the FAME Scheme was approved by Project Implementation and Sanctioning Committee (PISC) on 3rd January 2019.
- Under NATRiP, following testing and research centres have been established in the country since 2015.
  - International Centre for Automotive Technology (ICAT), Manesar
  - National Institute for Automotive Inspection, Maintenance & Training (NIAIMT), Silchar
  - National Automotive Testing Tracks (NATRAX), Indore
  - Automotive Research Association of India (ARAI), Pune
  - Global Automotive Research Centre (GARC), Chennai
- SAMARTH Udyog - Industry 4.0 centres: 'Demo cum experience' centres are being set up in the country for promoting smart and advanced manufacturing helping SMEs to implement Industry 4.0 (automation and data exchange in manufacturing technology).



## Road Ahead

The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres, and low-cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour.

Indian automotive industry (including component manufacturing) is expected to reach Rs. 16.16-18.18 trillion (US\$ 251.4-282.8 billion) by 2026.

The Indian auto industry is expected to record strong growth in 2021-22, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2021-22.

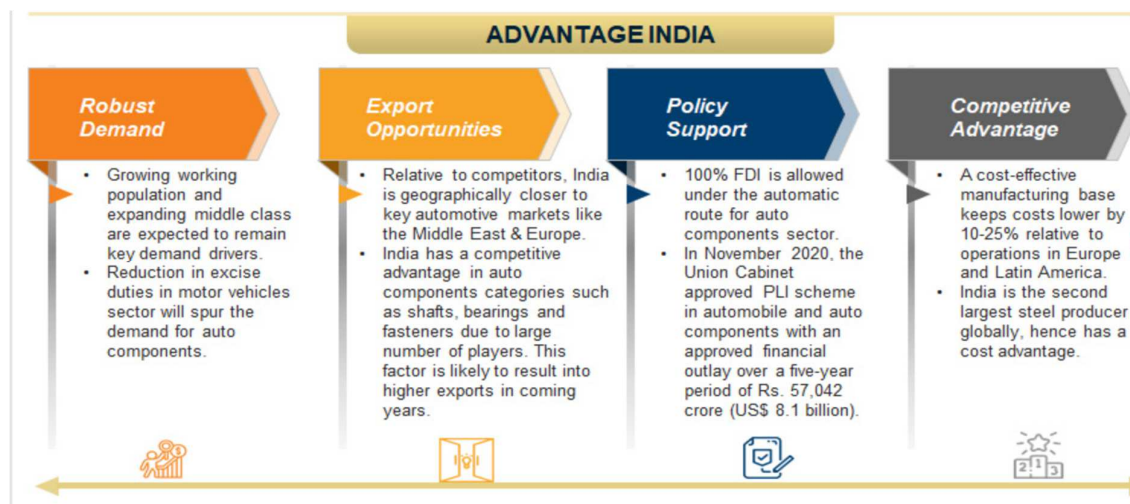
A study by CEEW Centre for Energy Finance recognised US\$ 206 billion opportunity for electric vehicles in India by 2030

*References: International Organization of Motor Vehicle Manufacturers, Media Reports, Press Releases, Department for Promotion of Industry and Internal Trade (DPIIT), Automotive Component Manufacturers Association of India (ACMA), Society of Indian Automobile Manufacturers (SIAM), Union Budget 2021-22*

*Note: Conversion rate used in January 2021, Rs. 1 = US\$ 0.0137*

## **AUTO COMPONENTS INDUSTRY IN INDIA**

(Source: <https://www.ibef.org/industry/auto-components-presentation> and IBEF Auto-Component-Infographic-February-2021)

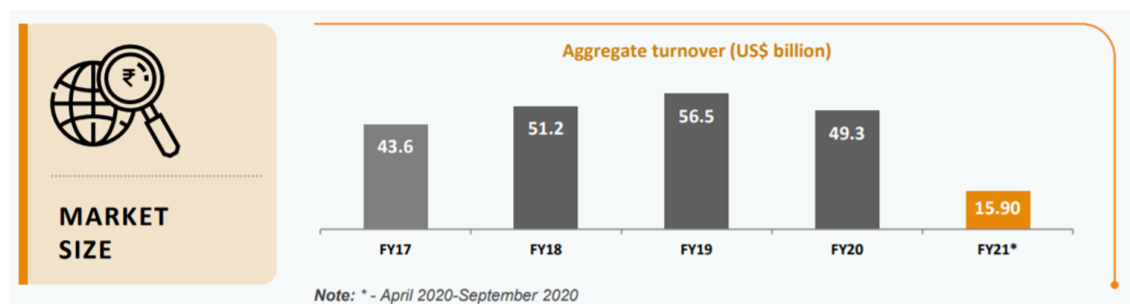


## Introduction

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

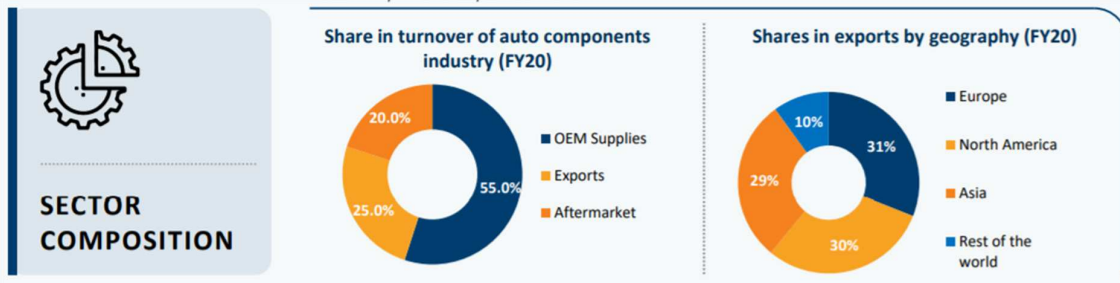


The industry can be broadly classified into organised and unorganised sectors. The organised sector caters to original equipment manufacturers (OEMs) and consist of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

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).

### 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 (NATRIIP), 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.

As per ACMA forecasts, automobile component export from India is expected to reach US\$ 80 billion by 2026. With shift in global supply chains, the Indian global automotive component trade is likely to expand at ~4-5% by 2026.

In December 2020, Power PSU JV EESL announced plan to install ~500 electric vehicle (EV) charging stations in the country in fiscal 2020-21.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalisation of the sector as export potential could be increased by up to US\$ 30 billion by 2021E.

*References: International Organization of Motor Vehicle Manufacturers, Media Reports, Press Releases, Department for Promotion of Industry and Internal Trade (DPIIT), Automotive Component Manufacturers Association of India (ACMA), Society of Indian Automobile Manufacturers (SIAM)*

*Note: Conversion rate used in February 2020, Rs. 1 = US\$ 0.01357*

### **Recent Government Initiatives and Road Ahead**

(Source : IBEF - <https://www.ibef.org/economy/indian-economy-overview> - **ABOUT INDIAN ECONOMY GROWTH RATE & STATISTICS** & (Source: <https://www.ibef.org/industry/auto-components-presentation> )

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term and long-term measures.

In the Union Budget 2021-22, capital expenditure for FY22 is likely to increase to increase by 34.5% at Rs. 5.5 lakh crore (US\$ 75.81 billion) over FY21 (BE) to boost the economy.

Increased government expenditure is expected to attract private investments, with production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.

In March 2021, the Ministry of Electronics and IT (MeitY) invited applications for the second round of large-scale electronics manufacturing under the production-linked incentive (PLI) scheme. The window to apply for the scheme has been opened until March 31, 2021, which could be further extended in accordance with guidelines issued by the MeitY.

In March 2021, following the announcement of incentive schemes for mobile and IT hardware manufacturing, the government announced to consider a key scheme for establishing display fabrication units in India. The Ministry of Electronics and Information Technology (MeitY) has requested expressions of interest (EoIs) from organisations interested in establishing LCD/OLED/AMOLED/QLED-based display fabrication units in India.

In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.



#### Production Linked Incentive Scheme:

(Source : <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1671912> - Cabinet approves PLI Scheme to 10 key Sectors for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat)

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in the following 10 key sectors for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

Priority	Sectors	Implementing Ministry/Department	Approved financial outlay over a five-year period Rs. crore
1.	Advance Chemistry Cell (ACC) Battery	NITI Aayog and Department of Heavy Industries	18100
2.	Electronic/Technology Products	Ministry of Electronics and Information Technology	5000

3.	Automobiles & Auto Components	Department of Heavy Industries	57042
4.	Pharmaceuticals drugs	Department of Pharmaceuticals	15000
5.	Telecom & Networking Products	Department of Telecom	12195
6.	Textile Products: MMF segment and technical textiles	Ministry of Textiles	10683
7.	Food Products	Ministry of Food Processing Industries	10900
8.	High Efficiency Solar PV Modules	Ministry of New and Renewable Energy	4500
9.	White Goods (ACs & LED)	Department for Promotion of Industry and Internal Trade	6238
10.	Speciality Steel	Ministry of Steel	6322
<b>Total</b>			<b>145980</b>

The PLI scheme will be implemented by the concerned ministries/departments and will be within the overall financial limits prescribed. The final proposals of PLI for individual sectors will be appraised by the Expenditure Finance Committee (EFC) and approved by the Cabinet. Savings, if any, from one PLI scheme of an approved sector can be utilized to fund that of another approved sector by the Empowered Group of Secretaries. Any new sector for PLI will require fresh approval of the Cabinet.

The PLI scheme across these 10 key specific sectors will make Indian manufacturers globally competitive, attract investment in the areas of core competency and cutting-edge technology; ensure efficiencies; create economies of scale; enhance exports and make India an integral part of the global supply chain.

## **OUR BUSINESS**

This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled ‘Risk Factors’ and ‘Financial Information’ and the chapter titled ‘Management Discussion and Analysis of Financial Condition and Results of Operations’ beginning on page nos. 21, 72 and 141 respectively, of this Offer Document. Unless the context otherwise requires, in relation to business operations, in this chapter of this Prospectus, all references to “we”, “us”, “our” and “our Company” are to Precision Metaliks Limited and Group Entities, as the case may be.

### **Overview**

Our Company was incorporated in the year 2012. Our Company’s Promoters are Abhishek Business Private Limited and Jayanthi Roja Ramani.

Our SEZ Unit is situated at Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam, Andhra Pradesh – 530049. Under this Unit we carry out the manufacturing activities / process on Semi-finished Wheels by rendering value added services such as cleaning, washing, buffing, polishing, testing and packing.

### **Our Major Products / services**

Following is list of our key products / services :

1. Value added services on alloy wheels
2. Automated cleaning of Aluminium chips + briquetting into Ingots
3. Robotic polishing of alloy wheels and
4. Other Engineering Services

1. Value added services on alloy wheels

Our Company converts semifinished / raw wheels to finished wheels by carrying our value added services such as Polishing, Buffing, Testing and Packing for our major client, Synergies Castings Limited, Visakhapatnam. The Company is also planning to offer these services to the USA market through Silver MetalX INC, USA by way of supplying finished Alloy Wheels with accessories to cater to the aftermarket.

2. Automated cleaning of Aluminium chips + briquetting into Ingots

A key advantage of Aluminium is its ability to be recycled. The metal can be processed, used, recycled, re-used multiple times without significant loss of its properties. Thus, used alloy wheel scrap, or alloy wheel chips and filings can be used to make fresh alloy wheel castings. However, given that alloy wheels are high speed critical components, it is most critical that the input material must be extremely clean and devoid of any waste materials, coolant, moisture or iron. Our cleaning process first runs scrap through an automatic magnetic separator, then washes the chips, then, chemically degreases the same, then dries the same before being packed. Where the customer requires briquetting, these clean and dry chips are fed into our high pressure press which briquettes the same into high density blocks, which can be used as ingots.

This process of cleaning up and briquetting is usually a manual process, very dirty and environmentally damaging process. PML has made it a very clean, automated process, and by not re-melting chips to produce briquettes, no significant energy is spent for the above so it is environmentally as well as cost efficient. The process has been developed as a pilot / prototype and found to be very energy efficient/ environmentally friendly and cost efficient and the output meets with all the quality standards needed for manufacturing of auto components.

### 3. Robotic polishing of alloy wheels

An important ‘finish’ of alloy wheels in the ‘premium’ segment are a ‘natural polished aluminium’ / ‘natural buff look’ of aluminium, and ‘chrome’ finish. Chrome plating process requires the semi-finished wheels to be perfectly polished, grinding, and buffed before they are plated. For both the above cases, the semi-finished wheel castings need to be perfectly polished on all surfaces i.e. the front facing surface as well as the contours of the design to get the best final finish / look. Given the 3D contour / surfaces of the spokes of the wheels, and the uneven contour of the casting surface, it is very difficult to get a automated solution. Consequently, polishing of cast alloy wheels has historically been done manually and is very time consuming, laborious and skilled task. It is also very expensive. PML has developed a custom solution to address this challenge, which is a combination of ‘robotic grinding and buffing, combined with automatic ‘media’ polishing, which allows 3D polishing of alloy wheel castings. The process has been automated to make it consistent / efficient and proven.

### 4. Other Engineering Services

We also provide high-end design Engineering services, Analysis, Product Development, Prototyping, Tooling Design and various other services such as flow forming, skin cut services etc.

The following table sets forth breakup of our Domestic as well as Export Sales of our Products for FY 2021, FY 2020 and FY 2019:

(₹ in lakhs)

State Name	FY 2021	FY 2020	FY 2019
Sales – Domestic	0.00	7.16	4.08
Sales - Direct Export	59.34	0.00	0.00
Sales - Deemed Export	4,864.70	2,210.55	0.00
<b>Total Sales</b>	<b>4,924.04</b>	<b>2,217.71</b>	<b>4.08</b>

The following table sets forth our product wise Sales of our major Products for FY 2021, FY 2020 and FY 2019 :

(‘ Lakhs)

Product Name	FY 2021	FY 2020	FY 2019
Value added services on semi-finished Alloy Wheels	4905.98	2210.55	0
Consumables	18.06	7.16	4.08
<b>Total</b>	<b>4924.04</b>	<b>2217.71</b>	<b>4.08</b>

The following table sets forth our total revenue, EBIDTA and Restated Profits for last 3 years :

(₹ in lakhs)

Particulars	FY 2021	FY 2020	FY 2019
Total Revenue	4924.13	2,217.96	5.28
EBIDTA	164.60	88.35	1.19
Restated PAT	149.36	82.39	0.46

### Details of Order Book pending for execution as on August 31, 2021

Sl. No.	Name of the Customer	Product name	Total Order Value (‘ Lakhs)	Order Value executed till 31.08.2021 (‘ Lakhs)	Outstanding Order Value (‘ Lakhs)
	<b><u>Domestic Orders</u></b>				
1	Synergies Castings Limited	Semi - Finished Alloy Wheels	13625.50	3272.00	10353.50

	<b>Export Orders</b>				
1	Silver MetalX INC *	Finished Alloy Wheels	7062.94	0.00	7062.94
2	Synergies Castings LLC Oman	Consumables	750.00	246.00	504.00
3	Synergies Castings LLC Oman	Semi - Finished Alloy Wheels	2250.00	0.00	2250.00
	<b>Total</b>		<b>23688.44</b>	<b>3518.00</b>	<b>20170.44</b>

\* Order value of USD 9.599 million converted @ Rs. 73.58 per USD as on 16/09/2021

### Brief about Our Customers

Following is the brief about our customers, who contributes almost 100% of our revenues as on the date of this Draft Prospectus:

#### 1. Synergies Castings Limited (SCL), India

SCL is a Company having its manufacturing facility spread over an area of 1,00,000 sq mt. at Visakhapatnam SEZ as an EOU unit, currently having more than 1400 employees. SCL is India's leading non-ferrous component Company, manufacturing four-wheeler alloy wheels, aluminium castings and plastic components for domestic as well as global Automobile OEMs.

#### 2. Silver MetalX INC (SMX)

SMX is a company based out of USA and engaged in the business of supply of aluminium wheels and chrome plated wheels to OEMs and aftermarket in USA.

#### 3. Synergies Castings LLC, Sultanate of Oman (SCLLC)

SCLLC is a collaborative project between Oman's Sovereign Wealth fund ODF + The Sultan's Special Forces Pension Fund (SSPF), Bank of Sohar SAOG, 64% owned by these 3 entities and 36% owned by Synergies Castings Limited (SCL), India to set up an Alloy Wheel Manufacturing facility in Oman. The Plant spread over an area of 2,00,000 sq mt. will have an installed capacity of 2.0 Mn wheels per annum, benchmarked at an average size of 18".

### Our Competitive Strengths

#### 1. Cost effective, Precise and Automated Solutions

We are specialized in finishing of Semi-finished Alloy Wheels. Our low-cost infrastructure and high-end precision technology enable us to provide us quality services at competitive pricing compared to some of our competitors, which helps us win the customers.

#### 2. Repeat Customer Orders

PML has been receiving repeat orders from its customer. Synergies Castings group is our single largest customer since FY 2019 for all our products and services. We have been receiving annual purchase orders from our customer and we supply them throughout the year as per their requirements. In addition, we have secured orders for supply of finished alloy wheels along with accessories from USA aftermarket distributor and importer. For further details, please refer to our Order Book table provided above.

### **3. Strong Professional Team**

Our Promoter, Jayanthi Roja Ramani is a Master of Commerce degree Andhra University passed in 1999 with Banking as special subject. She also holds Master of Business Administration from Andhra University passed in 2001. She has also passed Intermediate examination of ICWAI. She has experience of almost 2 decades in various positions in the fields of accounts and finance in auto component industry. Further she is supported by other team of technical professionals having experience of our various business functions working in the same industry.

### **Our Business Strategy**

Our key strategic initiatives are described below:

#### **4. Innovative Solutions, Integrated Manufacturing and Engineering Capabilities**

Our integrated manufacturing and engineering capabilities enable us to capitalize on the growing opportunities and emerging trends, particularly in the Automotive – Aluminium Products segment, where our focus is on multi – utility vehicles, commercial and passenger vehicles, and in our Industrial and Engineering segment, where our focus is on manufacturing.

#### **5. Strengthening Customer relationships and capturing larger share of their requirements**

Our customers are the dominant players of the Auto Component Industry in the Global and Domestic Markets. We intend to strengthen our relationships with our existing customers and explore opportunities to grow along the value chain by expanding the array of our existing products and solutions that we provide to our customers across geographies. We intend to win new customer contracts by developing products and solutions aligned with their needs.

#### **6. Quality and quantity supply of auto components and aluminium castings by leveraging our global customer network**

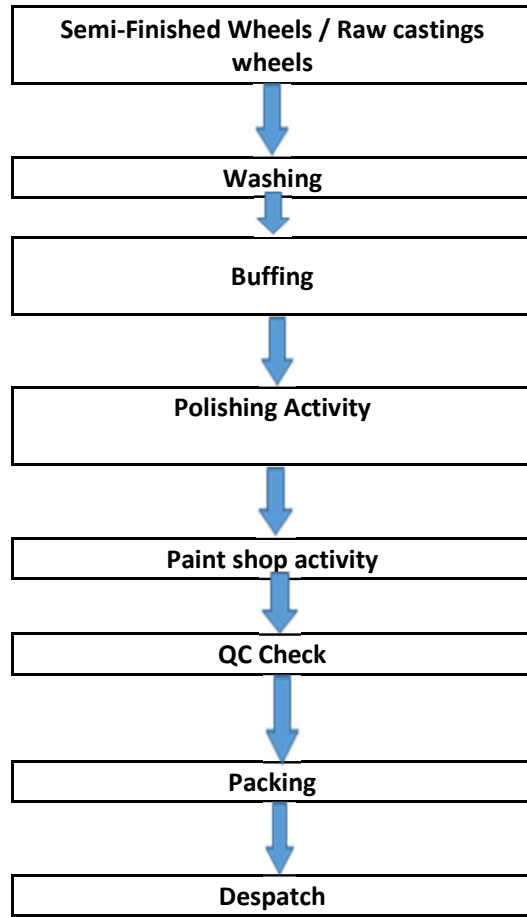
Most of the major global OEMs in the Passenger Vehicle segment are present in India, given the market opportunity and low-cost manufacturing eco-system. Increasing proportion of SUV, Luxury, and Large – Vehicles (with high penetration of alloy wheels), India is increasingly becoming the manufacturing hub for several global platforms. Superior features of alloy wheels over steel wheels including lighter weight (hence better mileage), better braking capability, longer tyre life, superior aesthetics etc. driving penetration.

Our Company intends to be a significant global player in the high-end precision Aluminium Alloy Wheels supply in aftermarket, and Alloy Castings Segment. To achieve this, the Company has developed competencies to supply the volumes, quality and on time delivery demanded by the global players in aftermarket. In addition to the existing operations, PML intends to further expand into downstream value-added engineering and manufacturing processes such as Flow forming of semi-finished alloy wheel castings, Low Pressure Die Casting of Alloy wheels and other aluminum products for the auto industry.



**Manufacturing Process:**

Our manufacturing process generally includes the following steps:



**1. Semi-finished Wheels / Raw Casting Wheels:**

Semi-finished wheels / Raw casting wheels are received from the Customers for carrying out various value-added services such as Buffing, Polishing, Painting, flow forming and other engineering services etc.

**2. Washing:**

Before initiating the process of the Buffing cleaning the wheel with Air guns to remove the dust and other particles.

**3. Buffing:**

The Buffing on wheels done by using linen, cotton, broad cloth and canvas etc. Buffing process carried out to remove scratches, Oxides, Coatings from the wheels. As a result of this process the wheel will give a better smoothness for polishing.

#### 4. Polishing activity:

After Buffing process, the wheel will go to the polishing department to polish the entire wheel by using the abrasive belts for smoothing the surface of the wheels, levels surfaces, remove scratches, pits, scale and polish the surface enough. So the cut buff can remove the polishing lines. The company also use the Precision Technology for polishing the wheels. As a result of polishing for a better look and good surfaces.

#### 5. Paint Shop Activity:

After completion of the polishing the wheels will go to the paint section to carry out the painting the wheels through the process of applying the light grey or black powder and painted with Silver top coat application. For machined wheels additional layer like corrosion protection paint or anti break dust.

#### 6. QC Check:

After painting process is completed the wheels will go to Quality Department for Quality checks by way of conducting Radial Fatigue test checking the result of life cycle and improvement of the wheel. In addition to the fatigue test quality department also carry out the load checks for Radial load and weight of the vehicle and tangible load for due acceleration torque or braking torque.

#### 7. Packaging:

After quality check, the wheel will move to packing department to pack the wheel in order to avoid the damages, scratches. The packing process comprises of foam, protective dividers and layers and multiple boxes to form a barrier around the wheel to avoid the damages.

#### 8. Despatch:

After the packing process it will go to the Despatch section for despatches. The despatches followed by Raising final invoice as per customer orders along with packing list, customs shipping bill.

### Plant and Machinery

We own following plant and machinery:

Name of Machine	Specification / Description	Quantity(No s)
Refrigeration Dryer	Kaeser Make - Modelno: TF 230 With Sigma smart Controller 812 CFM Suitable for DSD145 Compressor	1
Vertical Receiver	Kaeser Make - VAR 10M3 @7.5 Bar Pressure	1
Compressor	Kaeser Make - Model DSD 145 W.P.7 Bar, Capacity:497 CFM, Motor Power: 75KW, Motor Make & Efficiency 'Siemens' Germany & IE4	1
Wet Ventury Scrubber	Ventury Scrubber along with ID Fan and Motor (Capacity 7500M3/Hr); 3mm Thick Metallic Duct (RMT - 5400)	1
Panel Covers	LT 433V, 630A, 4 Pole Kiosk Panel -1800HX700WX1000D, 11.6/2.0 MMM CRCA sheet with Siemens, Grey colour with necessary suitable Aluminium Busbar/Control, Cable entry top sidewiring	1
Load Break Switch	11KV, 630 Amps load break switch with Earth & fuse trip mechanism, earth fault & overload protection, Make: Megawin	1

250 Kva Transformer	250 KVA, 11000/433V transformers with off circuit tap changer as per IS1180 level - 02, Make - Esennar	1
APFC Manual Control Panel	LT 433V, 630 AMPS 4 pole LDP with APFC manual Control Panel, Size 2000X1800x500x1000 Power control Centre Panel Board with Cables top entry with CRCA sheet	1

We have taken following plant and machinery on lease basis for a period of 36 months from August 01, 2019, Lease period can be extended on a mutual agreeable terms:

Name of Machine	Specification / Description	Quantity(Nos)
Robotic Grinding Cell	ABB Model - IRB6700	2
Surfex Indexing Rubber Belt Converyor Type Wet Shot Blasting Machine	Model WB1301201110 - SPL with PLC & HMI Unit and Working Chamber made of SS - 304G 3MM Thick Sheet	1

### Collaborations

We have not entered into any technical or other collaboration.

### Infrastructure Facilities

#### Utilities

#### Power

Our Company has power load connection of 150 KVA from Eastern Power Distribution Power Company of Andhra Pradesh Limited to carry out our present manufacturing activities. Our consumption as per July 2021 bill is 19.6820 KVA. The available power supply is adequate to carry our manufacturing activities.

#### Fuel

Our Company do not have any special requirement of fuel to carry out the manufacturing process and whatever fuel is required is sourced from domestic oil Companies.

#### Water

We require approximately 7.50 Kilo cubic meter water for our manufacturing process. We have water connection from VSEZ, Duvvada, Visakhapatnam. We have an approval for the same from the Andhra Pradesh Pollution Control Board.

#### Effluent Treatment Plant (ETP)

Environmental Engineer, Andhra Pradesh Pollution Control Board, Visakhapatnam, have issued CONSENT FOR ESTABLISHMENT vide order dated July 02, 2019 to our unit/activity under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and the rules made there under. The said order is valid for a period of 7 years from the date of issue.

## Raw Material

Aluminium Ingots, Paints and Consumables, Fuel etc. are the major raw material used by us in providing value added services to alloy wheel manufacturers by processing semi-finished alloy wheels into finished wheels. We source Aluminium Ingots locally as well as import from Russia and Europe. Paints and Consumable as well as Fuel is sourced from various suppliers in domestic markets.

## Manpower

The following is a break-up of our employees as on August 31, 2021:

Sr. No.	Category	Total
1	Management	4
2	Technical Staff	5
3	Non-Technical Staff (Contract Staff)	150
	<b>Total</b>	<b>159</b>

## Competition

We face competition from competitors both domestically and internationally, in relation to specific sectors, segments, sub-segments or geographies. The key factors of competition may include quality, cost, delivery, technical capability, level of vertical or horizontal integration, and quality of management.

Competition emerges from small as well as big players. The organized players in the industry compete with each other by providing high quality, consistent and time bound products and value-added services. There are a number of competitors offering processes and products similar to ours. However, our competitive strengths are our innovative custom solutions, resulting cost competitiveness, quality, and customer relationships.

## Approach to Marketing and Marketing Set-up

Sales and marketing for our segments are business-to-business oriented and dependent on our long-term relationships with our principal customer, Synergies Castings, which is a solid and well-established supplier, providing us an access to a very strong distribution network. For our Industrial and Engineering segment, we have a marketing and business development team, comprising of 4 full time employees, who are responsible for selling our solutions to the industrial and engineering segments.

Our sales teams and key account managers are responsible for growing our relationships with key customers and developing strategies to ensure that we are engaging in projects and developing the right products in line with the market trends and our business strategy.

## Capacity and Capacity Utilization

The details of our capacity and capacity utilization is given below :

### Present

Particulars	FY 2021	FY 2020	FY 2019
Installed Capacity	2,00,000	2,00,000	N.A.
Total Production	98,000	44,000	N.A.
Capacity Utilization (%)	49%	22%	N.A.

## **Projected**

<b>Particulars</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Installed Capacity	2,50,000	3,75,000	4,50,000
Total Production	2,00,000	3,00,000	4,00,000
Capacity Utilization (%)	80%	88%	88%

## **Export Possibilities & Export Obligation**

Our manufacturing facility is established in Visakhapatnam SEZ situated at Industrial Shed No. 5, Phase – II, Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam, Andhra Pradesh – 530 049. As per the Special Economic Zones (SEZ) Act, 2005 and rules made there-under, we have to export 100% of the goods manufactured at this unit for a period of 5 years. We have executed the Bonds-cum-legal undertaking as prescribed under the Special Economic Zones (SEZ) Rules, 2006.

Further we have to achieve positive Net Foreign Exchange (NFE) as prescribed in the Special Economic Zones (SEZ) Rules, 2006 for a period we operate as a Unit in the SEZ from the commencement of production, failing which we shall be liable for penal action under the Foreign Trade (Development and Regulation) Act, 1992.

## **Property**

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

<b>Sr. No</b>	<b>Description of Property</b>	<b>Name of Lessor</b>	<b>Agreement Date, Lease period</b>	<b>Amount</b>	<b>Purpose</b>
1.	# 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India.	S. Chidambaram	01/09/2021  11 months from the date of Agreement	Rs.5,900/- Per Month	Registered Office
2.	9-19-43, Suryadev Apartments, Flat – 202, CBM Compound, Visakhapatnam – 530003	N. Phaneendra Bose	04/05/2021 For period upto 30/09/2021 and Renewal Agreement dated 03/09/2021 for period upto 31/03/2022	Rs.38,720/- Per Month	Corporate Office
3.	Industrial Shed No. 5, Phase – II, Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam, Andhra Pradesh – 530 049	Visakhapatnam SEZ Authority	26/06/2019  For 5 years and renewable after that	Rs.3,32,200/- Per Quarter	SEZ Unit

## **Intellectual Property**

As on the date of this Draft Prospectus, Our Company has not registered its logo or company's name with the Registrar of Trademarks. Further, the company do not have any other kind of Intellectual Property Rights and has confirmed that no

other applications have been made by our Company nor has it registered any other type of intellectual property including trademarks/copyrights/patents etc.

In the future the company may make an application with the Registrar of Trademarks to register its logo or company`s name.

### **Insurance**

Our Company maintains insurance against various risks inherent in our business activities, including property damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our plant and machinery, equipment or stocks as also burglary insurance. Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise. Overall, we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business.

## KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector-specific laws currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain.*

*The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For information on regulatory approvals obtained by us, please refer “Government and Other Approvals” on page 153. We are required to obtain and regularly renew certain licenses / registrations / sanctions / permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies. Additionally, the projects undertaken by us require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local byelaws.*

### **INDUSTRY-SPECIFIC REGULATIONS**

#### ***National Electric Mobility Mission Plan 2020***

The National Electric Mobility Mission Plan 2020 (“**NEMMP**”), which was released in 2013, is a vision and the roadmap for the faster adoption of electric vehicles and their manufacturing in the country. This plan has been designed by the Ministry of Heavy Industries and Public Enterprises to enhance national fuel security, to provide affordable and environmentally friendly transportation and to enable the Indian automotive industry to achieve global manufacturing leadership. Further, it is also proposed to establish necessary charging infrastructure for electric vehicles across India.

As part of the NEMMP, a scheme was formulated namely, Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India Scheme (“**FAME India**”) in the year 2015 to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same (“**Phase-I Scheme**”). The Phase-I Scheme was initially launched for a period of two years, commencing from April 1, 2015, which was subsequently extended from time to time and the last extension was allowed up to March 31, 2019. Department of Heavy Industry has notified Phase-II of the Fame India scheme, with an outlay of ₹ 10,000 crore for a period of three years commencing from April 1, 2019 (“**Phase-II Scheme**”). The main objective of the Phase-II Scheme is to encourage faster adoption of electric and hybrid vehicle by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.

#### **Automotive Mission Plan 2016-2026**

The Ministry of Heavy Industries and Public Enterprises, GoI released the Automotive Mission Plan 2016-26 (“**AMP**”) in September 2015 with the objective of making the Indian automotive industry an integral part of the “Make in India” initiative. This plan aims to, among others, promote safe, efficient and comfortable mobility for every person in the country along with environmental protection and affordability through both public and personal transport options.

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

The Bureau of Indian Standards Act, 2016, as amended (the “**Bureau of Indian Standards Act**”), provides for the standardization, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others (a) recognize as an Indian standard, any standard established for any goods, article, process, system or service by any other institution in India or elsewhere; (b) specify a standard mark to be called

the Bureau of Indian Standards Certification Mark; and (c) make such inspection and take such samples of any material or substance as may be necessary.

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

The Steel and Steel Products (Quality Control) Order, 2020, as amended (the “**Quality Control Order 2020**”), was notified by the Ministry of Steel, Government of India, to bring specified steel products under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2020.

#### **Legal Metrology Act, 2009**

The Legal Metrology Act, 2009, as amended (the “**Metrology Act**”) aims to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. Any transaction/contract relating to goods/class of goods or undertakings shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state.

#### **Duty Drawback Scheme, 2020**

The duty drawback scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported by giving a relief on customs and central excise duties suffered on the inputs used in the manufacture of export product. The Customs and Central Excise Duties Drawback Rules, 2017, as amended (the “**Drawback Rules**”) have also been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation.

Under duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of duty drawback scheme. The all industry rate of duty drawback scheme essentially attempts to compensate exporters of various export commodities for average incidence of customs and central excise duties suffered on the inputs used in their manufacture.

### **LABOUR LAWS**

Depending upon the nature of the activities undertaken by our Company, certain applicable labour laws and regulations include the following:

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

The Child Labour (Prohibition and Regulation) Act, 1986, (“**CLPRA Act**”) provides for prohibiting engagement of children below 14 years in factories, mines and hazardous employments and regulates the conditions of their employment in certain other employments. The CLPRA Act aims to regulate the number of hours, period of work and holidays to be given to child labourers. It specifies that the employer has to mandatorily furnish certain information regarding employment of child labour to the inspector and maintain a register which would contain details regarding the child labourers. The CLPRA Act also provides for health and safety measures to be complied with by the employer.

#### ***Inter State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979 (“ISMW Act”)***

The ISMW Act regulates the employment of inter-state migrant workmen and provides for their conditions of services and for matter connected therewith. Under the provisions of the ISMW Act, every principal employer of an establishment which



employs five or more inter-state migrant workmen (whether or not in addition to other workmen) on any day of the preceding 12 months has to register his establishment under ISMW Act. The ISMW Act also requires the principal employers and contractors to maintain registers with such details of the migrant workmen as may be prescribed. Any violation of the provisions of the ISMW Act and Rules prescribed thereunder is imprisonment which may extend to two years or with fine which may extend to ₹ 2,000 or with both.

### ***Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013***

The Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**SHWPPR Act**”) aims to provide women protection against sexual harassment at the workplace and prevention and redressal of complaints of sexual harassment. The SHWPPR Act defines ‘sexual harassment’ to include any unwelcome acts or a sexually determined behaviour (inter alia whether directly or by implication). Workplace under the SHWPPR Act has been defined widely to include government bodies, private and public sector organisations, non-governmental organisations, organisations carrying on commercial, vocational, educational, entertainment, industrial, financial activities, hospitals and nursing homes, educational institutes, sports institutions and stadiums used for training individuals. The SHWPPR Act requires an employer to set up an ‘internal complaints committee’ at each office or branch, of an organization employing at least 10 employees. Factors like mental trauma, medical expenses, loss in the career opportunity and income shall be taken into account while determining compensation. The duties of the employer and the district officer are provided in the SHWPPR Act.

### ***The Maternity Benefit Act, 1961***

The Maternity Benefit Act, 1961, as amended (“**Maternity Benefit Act**”) on 1<sup>st</sup> April, 2017 regulates the employment of pregnant women and ensures that they get paid leave for a specified period during and after their pregnancy. However, the relevant provision on the “work from home” option will come into effect from 1<sup>st</sup> July 2017. The Maternity Benefit Act is applicable to establishments in which 10 or more employees are employed, or were employed on any day of the preceding 12 months. The maximum period for which any woman shall be entitled to maternity benefit shall be 26 weeks, of which not more than Eight weeks shall precede the date of her expected delivery. For women who are expecting after having 2 children, the duration of paid maternity leave shall be 12 weeks (i.e., 6 weeks pre and 6 weeks post expected date of delivery). It also provides that every woman who adopts a child shall be entitled to 12 weeks of maternity leave, from the date of adoption. The MB Amendment Act has also introduced an enabling provision relating to “work from home” for women, which may be exercised after the expiry of the 26 weeks’ leave period depending on nature of work. Entitlement of six weeks of paid leave is also applicable in case of miscarriage or medical termination of pregnancy. The MB Amendment Act makes crèche facility mandatory for every establishment employing 50 or more employees. Women employees would be permitted to visit the crèche 4 times during the day.

### ***The Minimum Wages Act, 1948***

Under the Minimum Wages Act, 1948 (“**Minimum Wages Act**”) every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the Minimum Wages Act, in respect of which minimum rates of wages have been fixed or revised under the Minimum Wages Act.

### ***The Central Goods and Services Tax Act, 2017***

The GST Act levies tax on supply of goods and services throughout India to replace multiple taxes levied by the Central and State Governments on production, supply and sale of goods and providing of services in India. The GST Act is applicable from July 1, 2017 and bound together the Central Excise Duty, Commercial Tax, Value Added Tax (VAT), Food Tax, Central Sales Tax (CST), Introit, Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement Tax, Service Tax, Customs Duty, Surcharges. Under GST, goods and services are taxed under five different categories that are 0%, 5%, 12%, 18%, 28%. GST is levied on all transactions such as supply, transfer, purchase, barter,

lease, or import of goods and/or services. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption based tax, therefore, taxes are paid to the state where the goods or services are consumed and not the state in which they were produced.

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

The Indian Contract Act, 1872 provides for seeking data protection under contract law and common law, by incorporating confidentiality and data protection clauses in contracts. According to this Act, when a party commits a breach of contract, the other party is entitled to receive compensation for any loss or damage caused to it. Specific performance of the contract is also a remedy under the Act. Thus companies acting as ‘data importers’ may enter into contracts with ‘data exporters’ to adhere to a high standard of data protection.

### ***The Specific Relief Act, 1963***

The Specific Relief Act is complimentary to the provisions of the Contract Act and the T.P. Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### **Other Laws and Regulations**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, and other applicable statutes imposed by the Centre or the State for its day-to-day operations. Our Company is also amenable to various central and state tax laws.

## **HISTORY AND CERTAIN CORPORATE MATTERS**

### **Brief History of our Company**

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad dated July 27, 2012 with the name 'Precision Metaliks Limited'. Subsequently, the company was converted into private limited company and the name was changed to 'Precision Metaliks Private Limited' vide fresh certificate of incorporation issued by the Registrar of Companies, Telangana, Hyderabad on March 18, 2016. Subsequently, our Company was converted again into a public limited company and the name of our Company was changed to 'Precision Metaliks Limited' and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Telangana, Hyderabad, on March 19, 2021. Our corporate identification number is U74900TG2012PLC082194.

The Promoters of our Company are Abhishek Business Private Limited and Jayanthi Roja Ramani.

### **Names of signatories to the Memorandum of Association of the Company and the number of Equity Shares subscribed by them:**

The names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association: 49,994 Equity Shares to Synergies Castings Limited, 1 Equity Share to Padmanayan Chirala, 1 Equity Share to Buddharaju Satyanarayana Raju, 1 Equity Share to Arindam Ghosh, 1 Equity Share to Satya Surya Venkata Narayana Bulusu, 1 Equity Share to S. Kalyan Chakravarthi and 1 Equity Share to Jayanthi Roja Ramani.

### **Changes in our Registered Office:**

As on the date of this Draft Prospectus, our Registered Office is located at # 6-3-855/10/A, Flat No. 4A, Sampathji Apartments, Saadat Manzil, Ameerpet, Hyderabad – 500016, Telangana, India. There has been no change in our registered office since incorporation.

### **Major Events and Milestones**

Some of the key events in the history of our Company are set forth below:

<b>Financial Year</b>	<b>Event</b>
2012	Incorporated under Companies Act, 1956 as "Precision Metaliks Limited"
2018	Established SEZ Unit
2019	Commencement of manufacturing activities
2019	Executed 1 <sup>st</sup> Export Order
2021	Conversion of Company to Limited Company for IPO

### **Significant financial and strategic partners**

As on the date of this Draft Prospectus, our Company does not have any significant financial or strategic partners.

### **Launch of Key Products or services**

Our Company has not changed its products and services.

### **Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity**

There have been no defaults or rescheduling of borrowings with banks / financial institutions.

**Material Acquisitions or Divestments of Business/Undertakings, Mergers, Amalgamations or Revaluation of Assets, in the last ten years**

Our Company has not undertaken any material acquisitions or divestments of business/undertakings, mergers, amalgamations or revaluation of assets in the last ten years

**Main Objects of our Company:**

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. To carry on in India or elsewhere the business of prospecting, exploring and to set, crush, process, excavate, dig, break, acquire, develop, survey, produce, convert, finish, load, unload, handle, transport, buy, sell, import, export, supply and to act as an agent, broker, stockiest, distributor, consultant or otherwise to deal in all sorts of Brass, Antimony, Lead, Metal & Metal Products and other allied material, chemicals, paints, automotive components, wheels, moulds, packing materials, wood and allied materials, by-products, mixtures, blends, residues, substances and to do all incidental acts and things necessary.
2. To establish, Administer and carry on the business or exporters, importers, suppliers stockists, C & G agents, shipper, commission agent, representative, franchise, consultant, collaborator, liasioner, job-worker, buyers, sellers, dealers and distributors in all kinds of metals, iron ore, ferros & non ferro alloys, industrial raw-material, automobiles, plant & machinery, instruments and minerals all industrial equipments.
3. To carry on in India or elsewhere the business to design, manufacture, produce, prepare, buy, procure, acquire, import, improve upon, alter, manipulate, maintain, prepare for market, handle, assemble, heat, grade, mould, cast, sell, resale, export, operate, dispose of, distribute, transport, store, forward, dispose, consume, repair, supply and otherwise deal in or develop all types, varieties, models, shapes, sizes, specifications, description, diameters, capacities, applications, uses and values of gadgets, implements, accessories, parts, spares, assemblies, components, moulds, jig, nuts bolts, fixtures and tools, metallic or otherwise.
4. To establish, promote, undertake and carry on the business of engineering and development in all engineering disciplines viz. refractory, Civil, Mechanical, Metallurgical, Electrical, Electronic, Instrumentation, process, piping, including supply of basis and detailed design calculations, sketches, drawings and all other relevant documents to clients in India and abroad and also pressure vessels, columns, towers, storage, vessels, tanks, heat exchangers, heaters, coolers, boilers, air and gas separation plants including all accessories like foundations, structures, plant & machinery, piping, instrumentation, service industries like process industries, chemicals industries, petroleum, petrochemical, fertilizer, defense, steel metals, space and to supply manpower and materials and to enter into collaboration agreements with various agencies as required for acquiring or transfer or know-how and also to act as subcontractors.

**Amendments to the Memorandum of Association**

The following changes have been made in the Memorandum of Association of our Company since inception:

<b>Date of Shareholders' Resolution</b>	<b>Nature of Amendment</b>
March 03, 2016	The Company was converted into private limited company and the name was changed to 'Precision Metaliks Private Limited'
February 27, 2021	The Company was converted again into a public limited company and the name of our

Date of Shareholders' Resolution	Nature of Amendment
	Company was changed to 'Precision Metaliks Limited'.

Following are the changes in MOA on account of changes in Authorised Capital of our Company:

Particulars of Change		Date of Shareholders' Meeting	AGM / EGM
From	To		
₹1,00,00,000 consisting of 10,00,000 Equity shares of ₹10.00 each.	₹1,50,00,000 consisting of 15,00,000 Equity shares of ₹10.00 each.	November 01, 2019	EGM
₹1,50,00,000 consisting of 15,00,000 Equity shares of ₹10.00 each.	₹16,50,00,000 consisting of 1,65,00,000 Equity shares of ₹10.00 each.	May 10, 2021	EGM

### Changes in the Management

Jayanthi Roja Ramani was part of the original subscribers to MOA/ AOA of our Company, however she acquired control and majority shareholding only in 2016. There has been no change in management of our Company since 2016.

### Defaults or rescheduling of borrowings from financial institutions/ banks and conversion of loans into equity

No defaults have been called by any financial institution or bank in relation to borrowings from financial institutions or banks. For details of our financing arrangements, please refer "*Financial Indebtedness*" on page 149. Further, except as stated in the section "*Capital Structure*" beginning on page 47, none of our loans have been rescheduled or been converted into Equity Shares.

### Lock outs and strikes

There have been no lock outs or strikes at any of the units of our Company.

### Time and cost overruns

Our Company has not implemented any projects and has not, therefore, experienced any time or cost overrun in relation thereto.

### Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

### Holding Company of our Company

As of the date of the Draft Prospectus, our Company does not have a holding Company.

### Subsidiary of our Company

As of the date of the Draft Prospectus, our Company does not have a subsidiary company.

**Collaboration Agreements**

As on the date of the Draft Prospectus, our Company is not a party to any collaboration agreements.

**Shareholders' Agreements**

As on the date of the Draft Prospectus, our Company has not entered into any shareholders' agreements.

**Material Agreements**

We have not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of the Draft Prospectus.

**Number of Shareholders**

Our Company has 7 (Seven) shareholders on date of the Draft Prospectus.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than 3 (three) directors and not more than 15 (fifteen) directors, subject to the applicable provisions of the Companies Act, 2013. We currently have 4 (Four) Directors on our Board.

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

Name, Designation, Occupation, Term, DIN and Nationality	Date of last appointment / re-appointment and terms	Other Directorships
<b>Name: Jayanthi Roja Ramani</b>  <b>Father's Name:</b> Dakshina Murthy Jayanthi  <b>Date of Birth:</b> January 04, 1968  <b>Age:</b> 53 years  <b>Designation:</b> Non-Executive Chairman  <b>Address:</b> D. No. 49-35-15/A, Sai Sampath Enclave, NGGO's Colony, Akkayyapalem, Visakhapatnam, Andhra Pradesh – 530016, India.  <b>Occupation:</b> Business  <b>DIN:</b> 05334095  <b>Nationality:</b> Indian	Initially appointed on February 18, 2016  Appointed as Non-Executive Chairman on September 01, 2021	<i>Companies</i> <ul style="list-style-type: none"> <li>Stellar Wheels Limited</li> <li>True Blue Business Private Limited</li> <li>BTS Hyderabad Business Private Limited</li> <li>Chandlas Securities Private Limited</li> <li>Abhishek Business Private Limited</li> </ul> <i>LLP</i> <ul style="list-style-type: none"> <li>Nil</li> </ul>
<b>Name: Sevvana Venkata Raman Rao</b>  <b>Father's Name:</b> Sevvana Thammaiah Naidu  <b>Date of Birth:</b> June 15, 1952  <b>Age:</b> 69 years  <b>Designation:</b> CEO & Whole Time Director  <b>Address:</b> Flat No. 208, Blossom Apartments, Indira Nagar, Near Reliance Fresh, Serilingampally, Gachibowli, Hyderabad – 500032, India.  <b>Occupation:</b> Service  <b>DIN:</b> 09302647  <b>Nationality:</b> Indian	Appointed as CEO & Whole Time Director w.e.f. September 01, 2021 for a period of 3 years	<i>Companies</i> <ul style="list-style-type: none"> <li>Nil</li> </ul> <i>LLP</i> <ul style="list-style-type: none"> <li>Nil</li> </ul>

<p><b>Name:</b> Percy Homi Italia</p> <p><b>Father's Name:</b> Homi Nusserwanji Italia</p> <p><b>Date of Birth:</b> September 14, 1950</p> <p><b>Age:</b> 71 years</p> <p><b>Designation:</b> Non Executive and Independent Director</p> <p><b>Address:</b> H No. 153/1, Sappers Line, Secunderabad, Telangana – 500003.</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 00033962</p> <p><b>Nationality:</b> Indian</p>	<p>Appointed as an Additional Director with effect from April 15, 2021 and as Director on September 02, 2021.</p> <p>Tenure for appointment is fixed as 5 years at AGM dated September 02, 2021 with effect from April 15, 2021, up to April 14, 2026.</p>	<p><i>Companies</i></p> <ul style="list-style-type: none"> <li>• Kala Pani Gaming Private Limited</li> </ul> <p><i>LLP</i></p> <ul style="list-style-type: none"> <li>• Italia &amp; Associates LLP</li> </ul>
<p><b>Name:</b> Revoor Ramachandra</p> <p><b>Father's Name:</b> Nagarajan Revoor</p> <p><b>Date of Birth:</b> December 27, 1959</p> <p><b>Age:</b> 61 years</p> <p><b>Designation:</b> Non-Executive and Independent Director</p> <p><b>Address:</b> # 19 1<sup>st</sup> Cross, 1<sup>st</sup> Main Road, Near Big Bazaar, New Kempegowda Layout, Kathriguppe, Hosakerehalli, Bangalore, Karnataka – 560085.</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 00490051</p> <p><b>Nationality:</b> Indian</p>	<p>Appointed as an Additional Director with effect from April 15, 2021 and as Director on September 02, 2021.</p> <p>Tenure for appointment is fixed as 5 years at AGM dated September 02, 2021 with effect from April 15, 2021, up to April 14, 2026.</p>	<p><i>Companies</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><i>LLP</i></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>

#### Relationship between our Directors and our Directors and Key Managerial Personnel

None of our Directors are related to each other or to any of the Key Managerial.

#### Brief Profile of our Directors

**Jayanthi Roja Ramani**, aged 53 years, is a Promoter and Director of our Company. She has been associated with our Company since 2016 and has been designated as Chairman w.e.f. September 01, 2021. She has obtained Master of Commerce degree from Andhra University in 1999 with Banking as special subject. She also holds Master of Business Administration from Andhra University passed in 2001. She has also passed Intermediate examination of ICWAI. She has experience of almost 2 decades in various positions in the fields of accounts and finance viz. finalisation of accounts, handling Internal Audits, handling direct and indirect taxes matter etc. She is the brain behind the financial strength of our Company. She guides the Board of Directors of our Company in all the decisions related to the financial affairs of our business.



**Sevvana Venkata Raman Rao**, aged 69 years, is an CEO & Whole Time Director of our Company. He has been associated with our Company since September 01, 2021 and has been designated as CEO & Whole Time Director. He is a qualified Commerce graduate (1972) and Bachelor of General Law (1975) from Andhra University. He has also done Masters in Arts in Industrial Relations and Labour Welfare in 1977. He has experience of over 4 decades in human resource management, industrial relations and administration. He is entrusted with the responsibility of looking after the overall management and operations of our Company. He looks after the overall administration of the business with the support of professional executives and reports to the Board of the Company.

**Percy Homi Italia**, aged 71 years, is an Independent Director of our Company. He is a Qualified Chartered Accountant from the Institute of Chartered Accountants of India. He is having around 45 years of professional experience in the field of Financial Management, Business Management, Taxation, FEMA, Corporate Law matters and advisory services as a practicing Chartered Accountant. He has been appointed on our Board of Directors since April 15, 2021 to comply with Corporate Governance requirements.

**Revoor Ramachandra**, aged 61 years, is an Independent Director of our Company. He has completed his B. E. in Mechanical Engineering in 1982 from Bangalore University. He also holds MBA in Production Management from Bangalore University passed in 1991. He is having around 35 years of experience in the field engineering, administrative and marketing gained during his working career. He has been appointed on our Board of Directors since April 15, 2021 to comply with Corporate Governance requirements.

#### Further Confirmations:

- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is categorized or are on the RBI List of wilful defaulters.
- None of our Directors are declared Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Prospectus, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.
- No proceedings/ investigations have been initiated by SEBI against any company, the board of directors of which also comprises any of the Directors of our Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

#### Terms of Appointment of the CEO & Whole Time Director

**Sevvana Venkata Raman Rao** has been appointed as the CEO & Whole Time Director of our Company for a period of 3 years with effect from September 01, 2021 *vide* Board resolution dated September 01, 2021. The significant terms of his employment are as under:

<b>Salary</b>	Gross Salary of Rs. 2,00,000/- per month
<b>Other terms and conditions</b>	CEO & Whole Time Director of the Company will not be entitled to any Sitting Fees for attending meetings of the Board of Directors or Committees thereof.

**Remuneration in the event of loss or inadequacy of profits**

In case of inadequacy of profits or loss in any financial year, the salary (and other allowances, if any as per Company's Policy) will be paid to CEO & Whole Time Director in accordance with the applicable provisions of the Section II of PART II of Schedule V to the Companies Act, 2013 or such other limits as may be prescribed by the Board of Directors.

**Remuneration to Executive Directors**

Details of remuneration paid to the Executive Directors in Financial Year 2021 is as under:

<b>Name of the Director</b>	<b>Amount (Rs.)</b>
Sevvana Venkata Raman Rao	Nil

**Remuneration details of our Non-Executive and Independent Directors**

Our Non- Executive Directors are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently, the sitting fees payable by our Company to our Directors is ₹ 40,000/- for every meeting of the Board attended by them and ₹ 10,000/- for every meeting of the committee of the Board attended by them.

We have not paid any sitting fees to any of our Directors in the FY 2021.

**Bonus or Profit-Sharing Plan of the Directors**

Our Company do not have any bonus or profit-sharing plan, except the normal bonus payment as a part of remuneration.

**Shareholding of Directors in our Company**

Our Articles of Association do not require our Directors to hold qualification shares. As on date of the Draft Prospectus, our directors hold the following number of Equity Shares of our Company:

<b>Name of Director</b>	<b>Number of Equity Shares Held (Pre-Issue)</b>	<b>% of pre-Issue paid-up equity share capital</b>
<b>Directors</b>		
Jayanthi Roja Ramani	16,28,000	13.61%

**Interest of Directors**

- Our Non-Executive Non-Independent Directors and Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and Committees thereof and reimbursement of expenses available to them and commission payable to them as approved by our Board. All our Executive Directors may be deemed to be interested to the extent of other remuneration and reimbursement of expenses payable to them.
- Jayanthi Roja Ramani is also the Promoter of our Company, and may accordingly be deemed to be interested in the promotion or formation of our Company. Our Directors may also be regarded as interested in the Equity Shares held by them, if any (together with dividends and any other distributions in respect of such Equity Shares).
- None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company in the preceding three years.
- Further, none of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.
- No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested, by any person, either to induce him to become, or to qualify him as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.
- Except as disclosed in “Financial Statements” beginning on page 122 and as disclosed in this section, none of our Directors have any interest in our business.

- g) Further, except as disclosed in “Financial Statements” beginning on page 122, no loans have been availed by our Directors from our Company.

### Changes in our Board during the Last Three Years

Except as disclosed below, there have been no changes in our Board during the last three years:

Name of Director	Date of change	Reason
Sadhanala Venkata Rao	February 27, 2021	Appointed as Executive Director
Sadhanala Venkata Rao	September 02, 2021	Resigned
N Padmaja	September 01, 2021	Resigned
Percy Homi Italia	April, 15, 2021	Appointed as Non-executive Independent Director
Revoor Ramachandra	April, 15, 2021	Appointed as Non-executive Independent Director
Sevvana Venkata Raman Rao	September 01, 2021	Appointed as CEO & Whole Time Director
Jayanthi Roja Ramani	September 01, 2021	Re-designated as Non-Executive Chairman

### Borrowing Powers of our Board

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Pursuant to a special resolution passed by our shareholders at their Annual general meeting held on September 02, 2021 our shareholders have authorized our Board to borrow any sum of money from time to time notwithstanding that the sum or sums so borrowed together with the monies, if any, already borrowed by the company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceed the paid up capital and free reserves of the Company provided such amount does not exceed ₹100,00,00,000/- (Rupees One Hundred Crores Only) in excess of its paid up capital and free reserves which may have not been set apart for any purpose.

### Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and other applicable regulations of the SEBI, in respect of corporate governance including in respect of the constitution of the Board and committees thereof, and formulation and adoption of policies. Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealing with our shareholders, emphasis on communication and transparent reporting. Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific functions. In compliance with the requirements of the Companies Act and the SEBI (LODR) Regulations, to the extent applicable our Board of Directors consists of Four Directors (including one woman Director) of which two are Independent Directors and three are Non-executive Directors which is in compliance with the requirements of Regulation 17 of SEBI (LODR) Regulations.

### Committees of our Board

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

#### 1. *Audit Committee*

Our Audit Committee was constituted pursuant to a resolution of our Board of Directors dated September 01, 2021. Our Audit Committee currently comprises:

Name of Director	Status in Committee	Nature of Directorship
Percy Homi Italia	Chairman	Non-Executive and Independent
Revoor Ramachandra	Member	Non-Executive and Independent
Jayanthi Roja Ramani	Member	Non-Executive and Non-Independent

The Company Secretary of the Company shall act as the Secretary of the Audit Committee.

Set forth below are the scope, functions and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

#### *A. Powers of Audit Committee*

The Audit Committee shall have powers, including the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### *B. Role of Audit Committee*

The role of the Audit Committee shall include the following:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties in accordance with Regulation 23 of SEBI (LODR) Regulations and Section 188 of the Companies Act read with rules made thereunder, as applicable;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;

- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (22) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- (23) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority;

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### **Meetings and Quorum**

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.

The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

The Company Secretary & Compliance Officer of the Company will act as the Secretary of the Committee.

## **2. Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee was constituted pursuant to resolution of our Board of Directors dated September 01, 2021. The Stakeholders' Relationship Committee comprises:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Percy Homi Italia	Chairman	Non-Executive and Independent
Revoor Ramachandra	Member	Non-Executive and Independent
Sevvana Venkata Raman Rao	Member	CEO & Wholtime Director

The Company Secretary of the Company shall act as the Secretary of the Stakeholders' Relationship Committee.

The role of the Stakeholders' Relationship Committee shall inter-alia include the following:

- (1) Consider and resolve the Grievances of Security holders of the Company including redressal of Investor Complaints such as Transfer or Credit of Securities, Non – receipt of Dividend / Notice / Annual Reports, Transfer / Transmission of Shares, Issue of New / Duplicate Certificates, General Meetings etc., and all other Securities Holders related matters.
- (2) Consider and approve Issue of Share Certificates (Including Issue of Renewed or Duplicate Share Certificates), Transfer and Transmission of Securities, etc.
- (3) Authorize any person to take such actions as necessary or deemed fit by the Committee, for any matter.
- (4) Review of measures taken for Effective Exercise of Voting Rights by Shareholders.
- (5) Review of adherence to the Service Standards adopted by the Company, in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (6) Review of the various measures and initiatives taken by the Company for reducing the Quantum of Unclaimed Dividends and ensuring timely receipt of Dividend Warrants / Annual Reports / Statutory Notices by the Shareholders of the Company.

### 3. *Nomination and Remuneration Committee*

The Nomination and Remuneration Committee first constituted pursuant to a resolution of our Board of Directors dated September 01, 2021 and currently comprise:

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Revoor Ramachandra	Chairman	Non-Executive and Independent
Percy Homi Italia	Member	Non-Executive and Independent
Jayanthi Roja Ramani	Member	Non-Executive and Non-Independent

The Company Secretary of the Company shall act as the Secretary of the Nomination and Remuneration Committee.

The scope, functions and the terms of reference of the Nomination and Remuneration Committee shall be in accordance with Section 178 of the Companies Act, 2013 read with rules made thereunder, Regulation 19 and Part D of the Schedule II of the SEBI (LODR) Regulations, 2015.

The role of committee shall, inter-alia, include the following:

(1) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

(2) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee shall, while formulating the policy as mentioned above ensure that—

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

(3) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

(4) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(5) devising a policy on diversity of board of directors;

(6) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

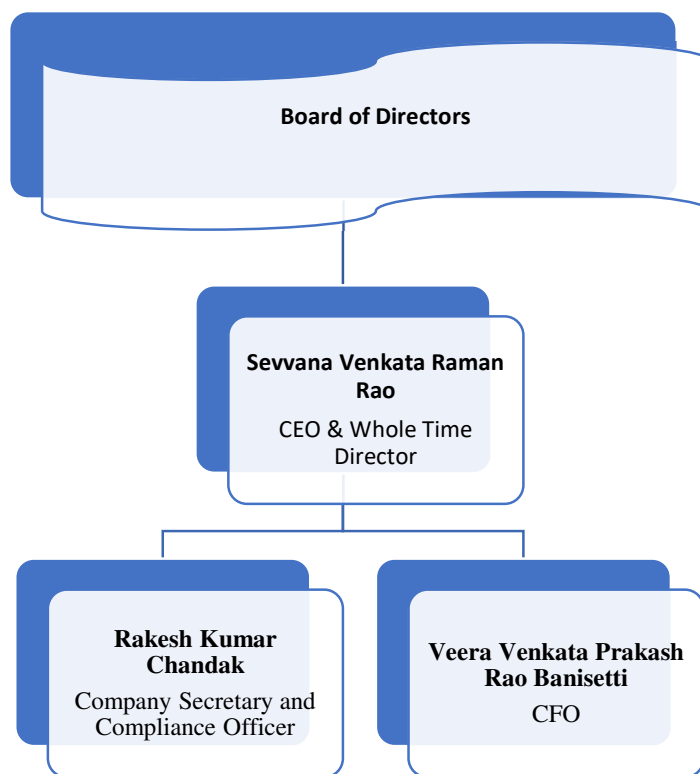
(7) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(8) recommend to the board, all remuneration, in whatever form, payable to senior management.

The nomination and remuneration committee shall meet at least once in a year

The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

## ORGANIZATION STRUCTURE



## OUR KEY MANAGERIAL PERSONNEL

Set forth below are the details of our key managerial personnel in addition to our Chairman, CEO & Whole Time Director and Director as on the date of the Draft Prospectus. For details of our Chairman, CEO & Whole Time Director and other Directors refer “*Our Management*” on page 103.

**Veera Venkata Prakash Rao Baniseti**, aged 56 Years, is the Chief Financial Officer of our Company. He holds a bachelor of commerce degree from Andhra University, passed in 1985 and Masters in Commerce from Andhra University in 1988. He has done Master of Business Administration (Finance) from Pondicherry Central University in 2008. He has experience of more than 3 decades of working, in Industries, with specialisation in Financial Management, Treasury Operations, Accounts and Taxation and Budgeting, etc. He has been associated with our Company since December 2020 and designated as the Chief Financial Officer with effect from September 01, 2021. He is currently responsible for the Accounts, Auditing, Finance and Taxation related matters of our Company. In the fiscal ended March 31, 2021, he received remuneration of Rs. 2 Lakhs from our Company for the period from December 2020 to March 2021.

**Rakesh Kumar Chandak**, aged 32 years, is the Company Secretary and Compliance Officer of our Company. He is a qualified Company Secretary and an associate member of the Institute of Company Secretaries of India passed in 2020. He holds a Bachelor’s Degree in Commerce from Andhra University passed in 2009. He has an experience of more than 10 years in the field of finance, legal, secretarial and corporate law & statutory compliances. He has been appointed as Company Secretary vide appointment letter dated April 01, 2021. He is currently responsible for the secretarial and legal compliances and matters related thereto of our Company. In the Fiscal 2021 he did not receive any remuneration from our Company.

### Shareholding of KMP

Our Company Secretary, Rakesh Kumar Chandak holds 4,000 equity shares of our Company. Other than that, none of our Key Management Personnel hold any Equity Shares in our Company.

### **Status of Key Managerial Personnel**

All our key managerial personnel are permanent employees of our Company.

### **Nature of family relationship**

None of our Key Management Personnel are related to each other.

### **Arrangements and Understanding with Major Shareholders**

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For more information, refer “*History and Certain Other Corporate Matters*” on page 99.

### **Bonus or Profit-Sharing Plan for our Key Managerial Personnel**

As on the date of this Draft Prospectus our Company does not have any performance linked bonus or profit-sharing plan with any of our key managerial personnel, except the normal bonus payment as a part of remuneration.

### **Loans to Key Managerial Personnel**

There is no loan outstanding against key managerial personnel as on date of this Draft Prospectus.

### **Interest of Key Managerial Personnel**

Except as disclosed in “*Interest of Directors*” on page 106 in respect of our Directors, no other Key Managerial Personnel of our Company has any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. There is no contingent or deferred compensation accrued for the year payable to the Key Managerial Personnel, even if the compensation is payable at a later date.

Further, the Key Managerial Personnel may be regarded as interested in the Equity Shares held by them, if any, (together with dividends and any other distributions in respect of such Equity Shares).

Except as disclosed in “*Financial Statements*” beginning on page 122, no loans have been availed by our Key Managerial Personnel from our Company.

### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Prospectus.

### **Payment or Benefit to officers of our Company**

Except as disclosed in this Draft Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company’s employees including the Key Management Personnel within the two years preceding the date of filing of this Draft Prospectus, except for the payment of remuneration or commission for services rendered as an officer of our Company.

### **Changes in our Company’s Key Managerial Personnel during the last three years.**

The changes in other Key Management Personnel in the last three years are as follows:

<b>Name</b>	<b>Date</b>	<b>Reason</b>
Rakesh Kumar Chandak	April 01, 2021	Appointment as Company Secretary and Compliance Officer
Veera Venkata Prakash Rao Baniseti	September 01, 2021	Appointment as Chief Financial Officer




## OUR PROMOTER AND PROMOTER GROUP

### *Our Individual Promoter:*

#### *1. Jayanthi Roja Ramani*

### **Details of our Promoter:**

	<p><b>Jayanthi Roja Ramani</b>, aged 53 years, is a Promoter and Director of our Company. She has been associated with our Company since 2016 and has been designated as Chairperson w.e.f. September 01, 2021. She has obtained Master of Commerce degree from Andhra University in 1999 with Banking as special subject. She also holds Master of Business Administration from Andhra University passed in 2001. She has also passed Intermediate examination of ICWAI. She has experience of almost 2 decades in various positions in the fields of accounts and finance viz. finalisation of accounts, handling Internal Audits, handling direct and indirect taxes matter etc. She is the brain behind the financial strength of our Company. She guides the Board of Directors of our Company in all the decisions related to the financial affairs of our business.</p> <p>For a complete profile of Jayanthi Roja Ramani, including her terms of appointment as the Chairman and other directorships, please refer “<i>Our Management</i>” on 103.</p> <p><b>Address:</b> D. No. 49-35-15/A, Sai Sampath Enclave, NGGO’s Colony, Akkayyapalem, Visakhapatnam, Andhra Pradesh – 530016, India. <b>Passport No:</b> N6283442 <b>Driving License:</b> NA <b>Voters ID:</b> IDY3221827 <b>Aadhar Card No. :</b> 7521 2285 7732 <b>PAN:</b> ANXPJ9308G <b>Bank Account Details:</b> Union Bank of India (formerly Andhra Bank), Visakhapatnam SEZ Branch, Duvvada, Visakhapatnam, Andhra Pradesh – 530046, India.</p>
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### *Our Corporate Promoters:*

#### **Abhishek Business Private Limited (ABPL)**

ABPL was incorporated on May 28, 1999 as ‘Abhishek Business Private Limited’ a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation issued by the Registrar of Companies, West Bengal. The corporate identification number is U01122WB1999PTC089511.

The registered office of ABPL is situated at 129/26. S. N. Roy Road, Kolkata - 700 038, West Bengal, India.

The equity shares of ABPL are not listed on any stock exchanges as on the date of this Draft Prospectus.

### **Main Objects**

The main objects of as per Memorandum of Association are as under:

1. To carry on in India or elsewhere the business of manufacturing, processing, producing, turn to account, grow, cultivate, commercialize, cut to size, season, process, dry, disinfect, grade, handle, transport, import, export, buy, sell, store, handle, action and to act as broker, agent, merchants, traders, stockiest, distributor, saw mill owners, forest owners, farm owners or otherwise to deal in all types of commercial and non-commercial timbers, plywoods, woods, bamboos, blackboard, laminated wood products, wooden frames, household furnitures, and to deal in articles of all kinds of goods in the manufacture of which timber or wood is used.
2. To carry on in India or elsewhere the business of products, processors, exporters, importers, agents, sub-agents, brokers, commission agents, advisers and general order suppliers of all kinds of industrial goods, commercial goods,

household goods, agricultural produce, licenses, equipments timber, plywood, tea, chemicals & fertilisers, iron & steel materials, paper & computer stationery and allied goods.

### Board of Directors

Currently, the Board of Directors of ABPL consists of:

Sr. No.	Name	Designation
1.	Sekhar Movva	Director
2.	Srilatha Boppana	Director
3.	Jayanthi Roja Ramani	Director

### Capital Structure

As on the date of this Draft Prospectus, the authorized share capital of ABPL is ₹80,00,000/- (Rupees Eighty Lakhs only) divided into 8,00,000 Equity Shares of ₹10/- each. The current issued, subscribed and paid-up share capital of ABPL is ₹63,80,340/- (Rupees Sixty-three lakhs eighty thousand three hundred and forty only) divided into 6,38,034 Equity Shares of ₹10/- each.

### Interest of our Promoters

Following are the details of the shareholding of ABPL as on the date of this Draft Prospectus:

Sr. No.	Name of Shareholders	Number of shares	% Shareholding
1.	Sekhar Movva	1,88,279	29.51
2.	Srilatha Boppana	72,000	11.28
3.	NC Equipments	1,19,266	18.69
4.	Precision Castings INC	1,21,379	19.02
5.	Global Commercial Trading LLC	1,21,378	19.02
6.	Silver MetalX INC	5,732	0.90
7.	Jayanthi Roja Ramani	10,000	1.57
	<b>Total</b>	<b>6,38,034</b>	<b>100.00</b>

### Financial Information

Certain details of the audited financial results of ABPL for financial years 2020, 2019 and 2018 are set forth below:

Particulars	(₹ in lakhs, except per share data) For the period ended March 31		
	2020	2019	2018
Share capital	63.80	61.40	61.40
Reserves and surplus (excluding revaluation reserves)	1105.29	1075.87	1079.94
Total Income	123.58	23.09	30.54
Profit/(Loss) after tax	(12.84)	(4.10)	0.85
Earnings per share (face value of ₹10 each) (Basic and Diluted)	(2.01)	(0.67)	0.14
Net asset value per share (face value of ₹10 each)	183.24	185.22	185.89

### Significant Notes by Auditors

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

**DECLARATION:** We confirm that the PAN, bank account number and passport number of our Promoter will be submitted to NSE on whose EMERGE Platform the Equity Shares are proposed to be listed at the time of filing this Draft Prospectus.

### Interest of our Promoter

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) of their

shareholding and the shareholding of their relatives in our Company and the dividend payable, if any and other distributions in respect of the Equity Shares held by them or their relatives; (iii) of being Chairman, CEO & Whole Time Director and Key Management Personnel of our Company and the remuneration, sitting fees and reimbursement of expenses payable by our Company to him; (iv) of being a subscriber to the Memorandum of Association of our Company; (v) of their relatives having been appointed to places of profit in our Company; and (vi) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoter hold shares. For details regarding the shareholding of our Promoter in our Company, please refer “*Capital Structure*”, “*Our Management*” and “*Related Party Transactions*” on pages 47, 103 and 139, respectively.

Our Promoter do not have any interest in any property acquired by our Company within two years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land and construction of building etc. Further, our Promoter do not have any interest in any supply of machinery to our Company.

Other than as disclosed in the section “*Related Party Transaction as Restated*” on page 139, there are no sales/purchases between our Company and our Promoter and Promoter Group and Group Companies where such sales or purchases exceeding in value in the aggregate 10% of the total sales or purchases of our Company or any business interest between our Company, our Promoter, our Promoter Group and Group Entities as on the date of the last audited financial statements.

For further details, please see the chapter titled “Financial Indebtedness” beginning on page 149 of this Draft Prospectus.

Our Promoters are not members of any firm or company having any interest in the Company for which any sums are paid or agreed to be paid to either of our Promoters or to the firm or company in cash or shares or otherwise by any person either to induce our Promoters to become, or to qualify our Promoters as, a director, or otherwise for services rendered by our Promoters or by the firm or company, in connection with the promotion or formation of the Company.

Our Promoters are not interested in any transaction in acquisition of land, construction of building and supply of machinery etc. by or to our Company.

### **Group Entities**

For details of our group entities, refer “*Our Group Entities*” on page 118.

### **Payment or Benefit to Promoters**

Except as stated above in “*Interest of our Promoters*” and in “*Related Party Transaction*” on pages 114 and 139, respectively, there has been no payment of benefits to our Promoters, members of our Promoter Group and Group Entities, during the two years preceding the filing of this Draft Prospectus.

### **Material Guarantees**

We have no borrowings as on the date of this Draft Prospectus. Our Promoters have not given any material guarantees to any third parties with respect to the Equity Shares, as on the date of this Draft Prospectus.

### **Common Pursuits**

There are no common pursuits common pursuits between our Company and other entities of the Group.

### **Litigation**

For details relating to legal proceedings involving our Promoters, refer “*Outstanding Litigation and Material Developments*” on page 150.

### **Other Confirmations**

Our Promoters and their relatives have not been declared as Wilful Defaulters and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

None of our Promoters are Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Promoters, Promoter Group entities or Group Companies have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Offer against our Promoters, except as disclosed under the chapter titled “Outstanding Litigation and Material Developments” beginning on page 150 of this Draft Prospectus.

Except as disclosed in “*Related Party Transactions*” on page 139, our Promoters are not related to any of the sundry debtors or beneficiaries of loans and advances of our Company.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

#### **Companies with which our Promoter have disassociated in the last three years**

Our Promoter have not disassociated from any Company in three years preceding the date of this Draft Prospectus.

#### **Change in Management and control of our Company**

Our current promoter Jayanthi Roja Ramani has been part of the original subscribers to MOA and has been part of Board of Directors of our Company since 2016 and there was no change in management of our Company.

#### **OUR PROMOTER GROUP**

Our Promoter Group as defined under Regulations 2(1)(pp) of the SEBI ICDR Regulations includes the following individuals and body corporates:

##### **A. Natural Persons forming part of Promoter Group:**

<b>Relationship</b>	<b>Jayanthi Roja Ramani</b>
Father	Jayanthi Dakshina Murthy
Mother	Jayanthi Sarada
Spouse	Ponnala Gurucharan
Brother	-
Sister	Padmaja Nandigana / G Krishnaveni
Son	Amrit Swaroop Ponnala
Daughter	Shivani Ponnala
Spouse’s Father	Ponnala Seshagiri Rao
Spouse’s Mother	Ponnala Suvarnamba
Spouse’s Brother	Ponnala Chinna Swami
Spouse’s Sister	Gurupyari

##### **B. Entities forming part of Promoter Group:**

###### *Companies*

- Abhishek Business Private Limited

###### *LLP*

- Nil

*Partnership Firms*

- Nil

*H.U.F.*

- Nil

*Proprietary concerns*

- Nil

## OUR GROUP ENTITIES

Pursuant to resolution of our Board of Directors dated September 23, 2021, and in accordance with the SEBI ICDR Regulations, group companies of our Company shall include (i) companies (other than our Subsidiaries) with which there were related party transactions as per the Restated Financial Information of our Company, as covered under applicable accounting standards; and (ii) such other companies as considered material by our Board. Our Board has approved that for the purpose of disclosure in connection with the Offer, a company shall be considered material and disclosed as a group company of our Company, if (i) the company is a member of the Promoter Group and our Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeding 10% of the total revenue of our Company for the last audited financial year; or (ii) an entity is covered under Accounting Standard 18, as per the last audited financial statements of the Company, and our Company has outstanding trade receivables and loans exceeding 10% of the net worth of the Company as of the last audited financial statements, from such entity.

On the basis of foregoing, our Board has accordingly determined that no entities are considered as Group Companies of our Company.

### Litigation

There is no outstanding litigation involving our Group Companies which have a material impact on our Company, except those disclosed in the chapter titled ‘*Outstanding Litigations and Material Developments*’ beginning on page 150 of the Draft Prospectus.

### Group Companies under the Insolvency and Bankruptcy Code, 2016

Neither any winding up petition has been filed under the Companies Act, 2013 against any group company nor has any corporate insolvency resolution process commenced against such group company under the Insolvency and Bankruptcy Code, 2016 or any other applicable law.

### Defunct Group Companies

None of our Group Companies are defunct companies, nor has any application been made to strike off their names from the register of companies during the five years preceding the date of filing the Draft Prospectus.

### Related Party Transactions and sales and purchases between our Company and Group Entities

For details of related party transactions entered into by our Company, refer “*Related Party Transactions*” on page 139.

### Common Pursuits

There are no common pursuits amongst any of our Group Companies and our Company. For further details please refer to the chapters titled ‘Our Promoters and Promoter Group’ beginning on page 113 of the Draft Prospectus.

### Interest of Group Entities

- (a) None of the Group Companies have any interest in the promotion of our Company.
- (b) None of the Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the preceding three years.
- (c) Except as disclosed in “*Financial Statements*” beginning on page 146, none of the Group Companies is interested in any transactions for acquisition of land, construction of building or supply of machinery.
- (d) Except in the ordinary course of business as disclosed in “*Financial Statements*” beginning on page 122, none of the Group Companies have any business interest or other interests in our Company.

### Payment or Benefit to our Group Entities

Except as stated in the “*Related Party Transactions*” on page 139, there has been no payment of benefits to our Group Entities during the two years prior to the filing of this Draft Prospectus.

### **Other Confirmations**

As on the date of this Draft Prospectus, none of the Group Entities: (i) are listed on any stock exchange; (ii) have completed any public or rights issue since the date of its incorporation; (iii) has received any winding up petition accepted by a court; (iv) have become defunct; (v) have made an application to the relevant registrar of companies (in India), for striking off its name (vi) have been identified as willful defaulters, as defined under the SEBI (ICDR) Regulations and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them (vii) have been refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad (viii) had negative net worth as of the date of their last audited financial statements.

## **RELATED PARTY TRANSACTIONS**

For details of related party transactions of our Company as per the requirements under Accounting Standard 18 “*Related Party Disclosures*” issued by the Institute of Chartered Accountants of India and as reported in the Restated Financial Statements, please refer to “*Statement of Related Party Transactions*” on page 139 under “*Financial Statements*” on page 122 of the Draft Prospectus.



## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company.

Our Company has no formal dividend policy. Our Board may also, from time to time and in accordance with applicable laws, pay interim dividends from the profits of the Financial Year in which such interim dividend is sought to be declared.

## SECTION VI – FINANCIAL INFORMATION FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR’S REPORT

(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)

To,  
The Board of Directors  
**Precision Metaliks Limited**  
# 6-3-855/10/A, Flat No. 4A,  
Sampathji Apartments,  
Saadat Manzil, Ameerpet,  
Hyderabad – 500016,  
Telangana, India.

Dear Sir,

#### **Report on Restated Financial Statements**

We have examined the Restated Financial Statements of M/s Precision Metaliks Limited (hereinafter referred as “the Company”), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:

Section 26 read with the applicable provisions within Rule-4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, As amended (hereinafter referred to as the “Act”) and

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019 (“the Regulation”) (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto;

The terms of reference to our engagements with the Company requesting us to examine financial statements referred to above and proposed to be included in the Draft Prospectus/Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares on Emerge Platform of NSE (“IPO” or “SME IPO”);

The (Revised) Guidance Note on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India (“ICAI”); and

In terms of Schedule VI of the SEBI (ICDR) Regulations, 2019 and other provisions relating to accounts, We, M/s PPKG & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI).

The Restated Summary Statements and Financial information of the Company have been extracted and prepared by the management from the Audited Financial Statements of the Company for the financial years ended March 31, 2021, 2020 and 2019 which have been approved by the Board of Directors.

Financial Statements for the financial year ended March 31, 2021 has been audited by us. Audit of the financial statements for the financial years ended March 31, 2020 and 2019 has been conducted by M/s KSP Raju & Associates, Chartered Accountants.

#### **Financial Information as per Audited Financial Statements:**

We have examined:

The attached Restated Statement of Assets and Liabilities of the company, as at March 31, 2021, March 31, 2020; and March 31, 2019, (Annexure I);

The attached Restated Statement of Profits and Losses of the Company for the financial years ended March 31, 2021, March 31, 2020 and 2019, (Annexure II);

The attached Restated Statement of Cash Flows of the Company for the financial years ended March 31, 2021, March 31, 2020 and 2019, (Annexure III);

The Significant Accounting Policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure IV);

(Collectively hereinafter referred as “Restated Financial Statements” or “Restated Summary Statements”)

In accordance with the requirements of Act, ICDR Regulations as amended from time to time, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that:

The “Restated Statement of Assets and Liabilities” as set out in Annexure I to this report, of the Company as at March 31, 2021, March 31, 2020 and March 31, 2019 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure IV to this Report.

The “Restated Statement of Profit and Loss” as set out in Annexure II to this report, of the Company for the period / financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure IV to this Report.

The “Restated Statement of Cash Flow” as set out in Annexure III to this report, of the Company for the period / financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV to this Report.

Based on the above we are of the opinion that “Restated Financial Statements” or “Restated Summary Statements” have been made after incorporating following adjustments, as applicable:

There are no adjustments for any material amounts in the respective financial years have been made to which they relate.

There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements.

There were no audit qualifications for which adjustment was required.

There was no change in accounting policies, which needs to be adjusted in the Restated Financial Statements except as stated above.

There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Statements.

The Company has not paid dividend on its equity shares.

**Other Financial Information:**

We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the financial years ended March 31, 2021, March 31, 2020 and 2019.

<b>PARTICULARS</b>	<b>ANNEXURE NO.</b>
STATEMENT OF ASSETS AND LIABILITIES AS RESTATED	I
STATEMENT OF PROFIT & LOSS AS RESTATED	II
STATEMENT OF CASH FLOWS AS RESTATED	III
SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED SUMMARY STATEMENTS	IV
STATEMENT OF SHARE CAPITAL AS RESTATED	I.1
STATEMENT OF RESERVES AND SURPLUS AS RESTATED	I.2
STATEMENT OF DEFERRED TAX ASSETS / LIABILITIES AS RESTATED	I.3
STATEMENT OF LONG-TERM BORROWINGS AS RESTATED	NA
STATEMENT OF SHORT-TERM BORROWINGS AS RESTATED	NA
STATEMENT OF TRADE PAYABLES AS RESTATED	I.4
STATEMENT OF OTHER CURRENT LIABILITIES AS RESTATED	I.5
STATEMENT OF SHORT-TERM PROVISIONS AS RESTATED	I.6
STATEMENT OF FIXED ASSETS AS RESTATED	I.7
STATEMENT OF NON-CURRENT INVESTMENTS AS RESTATED	I.8
STATEMENT OF INVENTORIES AS RESTATED	I.9
STATEMENT OF TRADE RECEIVABLES AS RESTATED	I.10
STATEMENT OF CASH AND CASH EQUIVALENTS AS RESTATED	I.11
STATEMENT OF SHORT-TERM LOANS AND ADVANCES AS RESTATED	I.12
STATEMENT OF OTHER CURRENT ASSETS AS RESTATED	I.13
STATEMENT OF REVENUE FROM OPERATIONS AS RESTATED	II.1
STATEMENT OF OTHER INCOME AS RESTATED	II.2
STATEMENT OF COST OF MATERIALS CONSUMED AS RESTATED	II.3
STATEMENT OF PURCHASE OF STOCK IN TRADE AS RESTATED	II.4
STATEMENT OF CHANGES IN INVENTORY AS RESTATED	II.5
STATEMENT OF EMPLOYEE BENEFIT EXPENSES AS RESTATED	II.6
STATEMENT OF OTHER EXPENSES AS RESTATED	II.7
STATEMENT OF FINANCIAL CHARGES AS RESTATED	II.8
STATEMENT OF RELATED PARTY TRANSACTIONS AS RESTATED	V
STATEMENT OF ACCOUNTING RATIOS AS RESTATED	VI
STATEMENT OF CAPITALIZATION AS RESTATED	VII

The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under section 133 of Companies Act, 2013.

We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2021. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2021.

The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.

In our opinion, the above restated financial information contained in this report read along with the auditor's report are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with

paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with the Company. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

Consequently, the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the Proposed Issue of Equity Shares of the Company through SME IPO and our report should not be used, referred to or adjusted for any other purpose without our written consent.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.

As per our Report Attached  
For **M/s PPKG & Co.**  
**Chartered Accountants**

Sd/-

**CA GIRDHARI LAL TOSHNIWAL**  
FRN No- 0009655S  
Membership No. 205140

Date: August 23, 2021  
Place: Hyderabad

**UDIN: 21205140AAAAJT1591**

## Annexure I

## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(₹ in Lakhs)

Particulars	Note No.	31.03.21	31.03.20	31.03.19
<b>Equity &amp; Liabilities</b>				
<b>Shareholders Fund</b>				
Share capital	I.1	126.20	102.69	5.00
Reserves and surplus	I.2	1,410.00	955.04	42.28
<b>Total Shareholder's Fund</b>		<b>1,536.20</b>	<b>1,057.73</b>	<b>47.28</b>
<b>Non Current Liabilities</b>				
Long Term Borrowings		0.00	0.00	0.00
Long term provisions		0.00	0.00	0.00
Deferred Tax Liability	I.3	0.59	1.31	0.00
<b>Total Current Liabilities</b>		<b>0.59</b>	<b>1.31</b>	<b>0.00</b>
<b>Current Liabilities</b>				
Short Term Borrowings		0.00	0.00	0.00
Trade Payables	I.4	248.43	224.08	183.49
Other Current Liabilities	I.5	323.44	70.89	71.60
Short Term Provisions	I.6	39.05	13.26	0.22
<b>Total Current Liabilities</b>		<b>610.92</b>	<b>308.23</b>	<b>255.31</b>
<b>Total Equity &amp; Liability</b>		<b>2,147.71</b>	<b>1,367.27</b>	<b>302.59</b>
<b>Non-Current Assets</b>				
a) Fixed Assets				
Tangible Assets	I.7	62.48	73.72	2.77
Intangible Assets		0.00	0.00	0.00
<b>Total Fixed Assets (a)</b>		<b>62.48</b>	<b>73.72</b>	<b>2.77</b>
b) Non Current Investments	I.8	239.37	239.37	229.37
c) Long Term Loans and Advances		0.00	0.00	0.00
d) Other Non Current Assets		0.00	0.00	0.00
e) Deferred Tax Assets	I.3	0.00	0.00	0.11
<b>Total Non Current Assets</b>		<b>301.85</b>	<b>313.09</b>	<b>232.25</b>
<b>Current assets</b>				
Current Investments		0.00	0.00	0.00
Inventories	I.9	1,556.25	77.00	0.00
Trade Receivables	I.10	0.00	850.46	4.99
Cash and Cash Equivalents balances	I.11	67.74	7.43	4.42
Short Term Loans and advances	I.12	163.84	99.00	38.53
Other Current Assets	I.13	58.03	20.29	22.40
<b>Total Current Assets</b>		<b>1,845.86</b>	<b>1,054.18</b>	<b>70.34</b>
<b>Total Assets</b>		<b>2,147.71</b>	<b>1,367.27</b>	<b>302.59</b>

## Annexure II

## STATEMENT OF PROFIT &amp; LOSS AS RESTATED

(₹ in Lakhs)

Particulars	Note No.	31.03.21	31.03.20	31.03.19
<b>Income</b>				
Revenue from Operations	II.1	4,924.04	2,217.71	4.08
Other Income	II.2	0.09	0.25	1.20
<b>Total Revenue</b>		<b>4,924.13</b>	<b>2,217.96</b>	<b>5.28</b>
<b>Expenditure</b>				
Cost of Materials Consumed	II.3	4,655.72	2,039.35	0.00
Purchase of Stock in Trade	II.4	64.23	6.50	0.27
Changes in Inventory	II.5	-1,226.25	0.00	0.00
Employee Benefit Expenses	II.6	400.55	3.55	0.39
Other Expenses	II.7	865.28	80.21	3.43
<b>Total (B)</b>		<b>4,759.53</b>	<b>2,129.61</b>	<b>4.09</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>164.60</b>	<b>88.35</b>	<b>1.19</b>
Depreciation and Amortisation Expenses		12.38	3.64	0.44
<b>Profit Before Interest and Tax</b>		<b>152.22</b>	<b>84.71</b>	<b>0.75</b>
Financial Charges	II.8	1.05	0.90	0.02
<b>Profit before Taxation</b>		<b>151.17</b>	<b>83.81</b>	<b>0.73</b>
Provision for Taxation		2.53	0.00	0.22
Provision for Deferred Tax		-0.71	1.42	0.05
<b>Total Taxes</b>		<b>1.82</b>	<b>1.42</b>	<b>0.27</b>
<b>Profit After Tax but Before Extra ordinary Items</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>
Extraordinary Items		0.00	0.00	0.00
Prior Period Items		0.00	0.00	0.00
<b>Net Profit after adjustments</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>149.35</b>	<b>82.39</b>	<b>0.46</b>

## Annexure III

## STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Lakhs)

PARTICULARS	31.03.21	31.03.20	31.03.19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Tax	151.17	83.81	0.73
<i>Adjusted for :</i>			
a. Depreciation	12.38	3.64	0.44
b. Interest Expenses & Finance Cost	1.05	0.90	0.02
c. Interest & Other Income	(0.09)	(0.25)	(1.20)
d. Other Adjustment	0.00	0.00	0.00
<b>Operating profit before working capital changes</b>	<b>164.51</b>	<b>88.10</b>	<b>(0.01)</b>
<i>Adjusted for :</i>			
a. Decrease /(Increase) in Inventories	(1479.25)	(77.00)	0.00
b. Decrease / ( Increase ) in trade receivable	850.46	(845.47)	37.11
b. Decrease / ( Increase ) in Current Investments	0.00	0.00	0.00
c. ( Increase ) / Decrease in short term loans and advances	(64.84)	(60.47)	0.32
d. Increase / ( Decrease ) in Trade Payables	24.35	40.59	(1.20)
e. Increase / (Decrease) in short term provisions	25.79	13.04	0.22
f. Increase / ( Decrease ) in other current liabilities	252.55	(0.71)	(1.34)
g. ( Increase ) / Decrease in Other Current Assets	(37.74)	2.11	(12.08)
<b>Cash generated from operations</b>	<b>(264.17)</b>	<b>(839.81)</b>	<b>23.02</b>
Income Tax Paid ( net of refunds )	2.53	0.00	0.22
<b>NET CASH GENERATED FROM OPERATION</b>	<b>(266.70)</b>	<b>(839.81)</b>	<b>22.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
a. (Purchase) / Sale of Fixed Assets	(1.14)	(74.59)	0.00
b.( Purchase) / Sale of non-current investment	0.00	(10.00)	(20.00)
c. ( Increase ) / Decrease in Long term loans and advances	0.00	0.00	0.00
d. Increase / ( Decrease ) in Long Term Provisions	0.00	0.00	0.00
e. ( Increase ) / Decrease in Other Non Current Assets	0.00	0.00	0.00
f. (Increase) in Misc. Expenses	0.00	0.00	0.00
g. Interest & Other Income	0.09	0.25	1.20
h. Dividend Income	0.00	0.00	0.00
<b>Net cash (used) in investing activities</b>	<b>(1.05)</b>	<b>(84.34)</b>	<b>(18.80)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
a. Interest & Finance Cost	(1.05)	(0.90)	(0.02)
b. Proceeds from share issued	329.11	928.06	0.00
c. ( Repayments ) / proceeds of long term borrowings	0.00	0.00	0.00
d. ( Repayments ) / proceeds of short term borrowings	0.00	0.00	0.00
<b>Net cash generated/(used) in financing activities</b>	<b>328.06</b>	<b>927.16</b>	<b>(0.02)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>60.31</b>	<b>3.01</b>	<b>3.98</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7.43</b>	<b>4.42</b>	<b>0.44</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>67.74</b>	<b>7.43</b>	<b>4.42</b>



Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

## Annexure IV

### **SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED SUMMARY STATEMENTS**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Significant Accounting Policies**

**1. Basis of Preparation:**

The financial statements have been prepared under historical cost convention in accordance with all mandatory Accounting Standards as specified in Companies (Accounting Standard) Rules 2006, pronouncement of the Institute of Chartered Accountants of India as applicable and the provision of the Companies Act, 2013

**2. Method of Accounting:**

The Books of Accounts are maintained using accrual basis of accounting. The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

**3. Fixed Assets :**

Fixed assets and intangible assets are stated at cost of acquisition or construction less accumulated depreciation and impairment. Cost includes taxes, duties, freight and other incidental expense related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset (i.e. an asset requiring substantive period of time to get ready for intended use) are capitalized in accordance with the requirements of Accounting Standard 16(AS 16), "Borrowing Costs" mandated by Rule 3 of the Companies (Accounting Standards) Rules 2006.

**4. Depreciation :**

Depreciation on fixed assets is provided on Written down Value Method at the rates prescribed in Schedule II of the Companies Act, 2013

**5. Investments :**

Long-term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary.

Current investments are stated at the lower of cost and fair value, computed individually for each investment.

In case of investments in mutual funds which are unquoted, net assets value is taken as fair value.

**6. Borrowing Costs :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets

**7. Preliminary Expenditures :**

Preliminary expenditure has been w/off for five years.

**8. Inventories:**

- a. Raw Materials, Tools, Consumable Stores are valued on cost or market value whichever is lower. The cost is determined on First-in-First-out basis. The cost of purchase of inventories comprise the purchase price., import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities ) and transport, handling and other costs directly attributable to the acquisition of Raw Material & Services
- b. Work-in-Progress is valued at estimated cost. The cost covers raw material cost and also includes other manufacturing expenses including depreciation as a percentage of Prime Cost.

- c. Finished Goods are valued at lower of cost of manufacture or net realizable value. The cost of manufacture includes raw material cost and other manufacturing expenses including depreciation as a percentage of raw material cost
- d. Scrap is valued at estimated net realizable value.

**9. Revenue Recognition:**

- a. Turnover for the year includes the sale value of goods, scrap sales, packing and forwarding charges recovered, labour charges received and. In annual accounts they are shown exclusive of GST.
- b. Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- c. Revenue from sale of goods is recognized when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales are net off Sales Tax / Value Added Tax. Excise duty is presented as reduction from gross turnover

**10. Purchases:**

Purchases are exclusive of GST Tax charged by the suppliers. It also includes cost of Insurance, freight and octroi.

**11. Provision of Gratuity:**

Provision for Gratuity is made on the basis of LIC valuation based on the provisions of the Payment of Gratuity Act, 1972.

**12. Leave Salary:**

Provision is made for value of unutilized leave due to employees at the end of the year.

**13. Transactions in Foreign currency:**

Foreign currency transactions during the year are accounted at rates of exchange prevailing on the date of transaction. Foreign currency monetary assets & liabilities are translated into rupees at the rate of exchange prevailing on the date of Balance Sheet. All exchange differences are dealt with in the statement of profit & loss.

**14. Sundry Debtors:**

The sundry debtors are stated after writing off debts considered as bad. Bad debts are written off during the period in which they are identified.

**15. Taxes on income:**

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an asset by crediting the Profit and Loss Account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment year.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of their realisation. Other deferred tax assets are recognized only when there is a reasonable certainty of their realisation.

**16. Impairment:**

The Company makes reasonable estimate of the carrying value of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

**17. Contingent Liabilities:**

We have no contingent liabilities outstanding for which the provision is required to be made.

**18. Earning Per Shares:**

In accordance with Accounting Standard-20 “Earning per Share” issued by the Institute of Chartered Accountants of India, Basic earning per shares is computed by using weighted average number of shares outstanding during the year.

**Earnings per Shares: (As required by Accounting Standard-20)**

Particulars	31.03.2021	31.03.2020
Profit / (Loss) after tax and exceptional items (₹ in Lakhs)	149.35	82.39
Less: Preference Dividend including tax thereon, if any	Nil	Nil
Profit Loss attributable to ordinary shareholders	149.35	82.39
Shares at the beginning of the year	10,26,908	50,000
Add : Equity shares Issued during the year	2,35,082	9,76,908
Weighted average No of ordinary Shares for Basic EPS	10,35,954	4,48,094
Basic Earnings per ordinary Shares (₹)	14.42	18.39

19. Related Party Disclosures: There has been no related party transactions for the period under audit.
20. Previous year figures are re-grouped and re-classified wherever necessary Figures in the bracket indicates figures for the Previous Year.
21. In the absence of confirmations, the entries recorded in the books of accounts have been relied upon, and therefore, such balances are as per the books of accounts of the company.
22. In the opinion of the board, unless otherwise stated in the Balance Sheet and schedules attached thereto, the current assets and loans and advances as stated in the balance sheet are approximately of the value realisable in the ordinary course of business and provisions for all known liabilities for the period have been made in the books of accounts of the company.
23. According to Policies not specifically referred to are consistent with generally accepted Accounting Practices

**CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARS COVERED IN THE RESTATED FINANCIALS**

There is no change in significant accounting policies of the Company during the periods covered under audit, except for the Compliance of AS 2 regarding Valuation of Inventories.

**NOTES ON ACCOUNTS AND RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

There are no suppliers defined under The Micro, Small and Medium Enterprises Development Act, 2006, whose money are due from the company.

In the opinion of Board of Directors, the Current Assets Loans and Advances are approximately of the same value if realised in the ordinary course of business and the provisions of all known liabilities are adequate.

Pursuant to enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II.

The balance of Sundry Creditors, Sundry Debtors, Loans Advances, Unsecured Loans, and Current Liabilities are subject to confirmation and reconciliation.

Other figures of the previous years have been regrouped / reclassified and / or rearranged wherever necessary.

**Material Regroupings:**

Appropriate adjustments, if required, have been made in the restated summary statements of Assets and Liabilities Profits and Losses and Cash flows wherever required by reclassification of the corresponding items of income expenses assets and liabilities in order to bring them in line with the requirements of the SEBI Regulations.

**Material Adjustments**

There are no material adjustments or errors which required adjustment for the purpose of restatement.

**Amounts in the financial statements**

Amounts in the restated financial statements are reported in rupees in lakhs and rounded off to second digit of decimal. Figures in brackets indicate negative values.

**Auditors Qualifications –**

Details of Auditors qualifications and their impact on restated financial statement is given below:

- a) Qualification which required adjustment in restated financial statements: None
- b) Qualification which does not require adjustment in restated financial statements: None

Other figures of the previous years have been regrouped / reclassified and / or rearranged wherever necessary.

The Company does not have any identifiable segments and hence “Segment Reporting” is not applicable.

**Segment Information:**

During the period covered in this Report there was only one primary segment, hence segment reporting is not applicable.

**Annexure – I.1****STATEMENT OF SHARE CAPITAL AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Authorised			
Equity shares of ₹ 10/- each	150.00	150.00	100.00
Issued, Subscribed & Fully Paid-up			
Equity shares of ₹ 10/- each	126.20	102.69	5.00

Note: The Company has only one class of equity shares of par value ₹ 10 each. Each equity shareholder is entitled to one vote per share held, and on liquidation entitled to receive balance of net assets remaining after settlement of all debts, creditors & preferential amounts, proportionate to their respective shareholding. No dividend is proposed.

Reconciliation of No. of Shares Outstanding at the end of the year:

Particulars	31.03.21	31.03.20	31.03.19
Shares outstanding at the beginning of the year	10,26,908	50,000	50,000
Shares issued during the year	2,35,082	9,76,908	0
Bonus Issued during the year	0	0	0
Share outstanding at the end of the year	12,61,990	10,26,908	50,000

Details of Shareholding more than 5% of the aggregate shares in the company:

Particulars	31.03.21	31.03.20	31.03.19
<b>Abhishek Business Private Ltd.</b>			
No. of Shares	197570	9000	9000
% Holding	15.66	0.88	18.00
<b>Jayanthi Roja Ramani</b>			
No. of Shares	31000	31000	31000
% Holding	2.46	3.02	62.00
<b>N Padmaja</b>			
No. of Shares	10000	10000	10000
% Holding	0.79	0.97	20.00
<b>Silver MetalX INC</b>			
No. of Shares	987706	976908	0
% Holding	78.27	95.13	0.00
<b>Gayatri Automobile Private Limited</b>			
No. of Shares	35714	0	0
% Holding	2.83	0.00	0.00

**Annexure – I.2****STATEMENT OF RESERVES AND SURPLUS AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
<b>Statement of Profit &amp; Loss</b>			
Opening balance	124.67	42.28	41.82
Add: Profit for the year	149.35	82.39	0.46
Less : Transfer to General Reserves	0.00	0.00	0.00
<b>Profit available for appropriation</b>	<b>274.02</b>	<b>124.67</b>	<b>42.28</b>
<b>Balance as at the end of the year</b>	<b>274.02</b>	<b>124.67</b>	<b>42.28</b>
<b>General Reserves</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<b>Securities Premium Account</b>			
Opening balance	830.37	0.00	0.00
Add: Additions during the year	305.61	830.37	0.00
Less: Utilised for Bonus Issue	0.00	0.00	0.00
<b>Balance as at the end of the year</b>	<b>1,135.98</b>	<b>830.37</b>	<b>0.00</b>
<b>Total Reserve &amp; Surplus</b>	<b>1,410.00</b>	<b>955.04</b>	<b>42.28</b>

**Annexure – I.3****STATEMENT OF DEFERRED TAX LIABILITY AS RESTATED**

(₹ in Lakhs)

<b>Particulars</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.19</b>
Opening Deferred Tax Liability / (Asset)	1.31	(0.11)	(0.16)
<b>Deferred Tax Asset</b>			
On the Block of Fixed Assets	0.72	0.00	0.00
On Other Items	0.00	0.00	0.00
<b>Sub Total</b>	<b>0.72</b>	<b>0.00</b>	<b>0.00</b>
<b>Deferred Tax Liability</b>			
On the Block of Fixed Assets	0.00	1.42	0.05
On Other Items	0.00	0.00	0.00
<b>Sub Total</b>	<b>0.00</b>	<b>1.42</b>	<b>0.05</b>
Net Deferred Tax Liability / (Asset)	(0.72)	1.42	0.05
<b>Closing Deferred Tax Liability / (Asset)</b>	<b>0.59</b>	<b>1.31</b>	<b>(0.11)</b>

**Annexure – I.4****STATEMENT OF TRADE PAYABLES AS RESTATED**

(₹ in Lakhs)

<b>Particulars</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.19</b>
Sundry Creditors	248.43	224.08	183.49
<b>Total</b>	<b>248.43</b>	<b>224.08</b>	<b>183.49</b>

**Annexure – I.5****STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED**

(₹ in Lakhs)

<b>Particulars</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.19</b>
Salaries / Freight / Electricity / Audit Fees Payable	3.24	0.47	1.00
Advance from Customers / Others	317.98	69.62	70.28
Statutory Liabilities & Others	2.22	0.80	0.32
<b>Total</b>	<b>323.44</b>	<b>70.89</b>	<b>71.60</b>

**Annexure – I.6****STATEMENT OF SHORT-TERM PROVISIONS, AS RESTATED**

(₹ in Lakhs)

<b>Particulars</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.19</b>
Provision for Taxation	38.92	13.07	0.22
Provision for Interest on TDS	0.13	0.19	0.00
<b>Total</b>	<b>39.05</b>	<b>13.26</b>	<b>0.22</b>

**Annexure – I.7****STATEMENT OF FIXED ASSETS AS RESTATED****FY 2021**

(₹ in Lakhs)

	<b>GROSS BLOCK</b>				<b>NET BLOCK</b>	
<b>Particulars</b>	<b>As at</b>	<b>Additions</b>	<b>Deductions</b>	<b>Total</b>	<b>As at</b>	<b>As at</b>
	<b>1.4.2020</b>				<b>31.03.2021</b>	<b>31.03.2020</b>
Plant & Equipment	63.13	0.00	0.00	63.13	48.00	58.60

Furniture & Fixture	4.25	0.00	0.00	4.25	1.05	1.52
Buildings	13.82	1.14	0.00	14.96	13.44	13.60
<b>TOTAL</b>	<b>81.20</b>	<b>1.14</b>	<b>0.00</b>	<b>82.34</b>	<b>62.49</b>	<b>73.72</b>

**FY 2020**

(₹ in Lakhs)

Particulars	GROSS BLOCK				NET BLOCK	
	As at	Additions	Deductions	Total	As at	As at
	<b>1.4.2019</b>				<b>31.3.2020</b>	<b>31.3.2019</b>
Plant & Equipment	2.36	60.77	0.00	63.13	58.60	0.89
Furniture & Fixture	4.25	0.00	0.00	4.25	1.52	1.88
Buildings	0.00	13.82	0.00	13.82	13.60	0.00
<b>TOTAL</b>	<b>6.61</b>	<b>74.59</b>	<b>0.00</b>	<b>81.20</b>	<b>73.72</b>	<b>2.77</b>

**FY 2019**

(₹ in Lakhs)

Particulars	GROSS BLOCK				NET BLOCK	
	As at	Additions	Deductions	Total	As at	As at
	<b>1.4.2018</b>				<b>31.3.2019</b>	<b>31.3.2018</b>
Plant & Equipment	2.36	0.00	0.00	2.36	0.89	0.98
Furniture & Fixture	4.25	0.00	0.00	4.25	1.88	2.23
<b>TOTAL</b>	<b>6.61</b>	<b>0.00</b>	<b>0.00</b>	<b>6.61</b>	<b>2.77</b>	<b>3.21</b>

**Annexure – I.8****STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
<b>Unquoted Equity Shares</b>			
162105 Equity shares of Sunrise Meadows	234.50	234.50	224.50
85000 Equity Shares of Precision Austem	0.85	0.85	0.85
40200 Equity Shares of Karvy Investments	4.02	4.02	4.02
<b>Total</b>	<b>239.37</b>	<b>239.37</b>	<b>229.37</b>

**Annexure – I.9****STATEMENT OF INVENTORIES, AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Raw Materials	330.00	77.00	0.00
Finished Goods	1,226.25	0.00	0.00
Semi-Finished Goods	0.00	0.00	0.00
<b>Total</b>	<b>1,556.25</b>	<b>77.00</b>	<b>0.00</b>

**Annexure – I.10****STATEMENT OF TRADE RECEIVABLES, AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Receivables O/S for the period exceeding 6 months	0.00	850.46	0.00
Receivables O/S for the period less than 6 months	0.00	0.00	4.99
<b>Total</b>	<b>0.00</b>	<b>850.46</b>	<b>4.99</b>

**Annexure – I.11****STATEMENT OF CASH AND CASH EQUIVALENTS AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Balances with banks in current account	65.93	0.17	0.1
Balances with banks in Fixed Deposits	0.00	0.00	0
Cash on hand	1.81	7.26	4.32
<b>Total</b>	<b>67.74</b>	<b>7.43</b>	<b>4.42</b>



**Annexure – I.12****STATEMENT OF SHORT-TERM LOANS AND ADVANCES AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
<b>Security Deposits</b>			
DEPOSIT-SALES TAX	6.71	6.71	0.00
EPDCL-SECURITY DEPOSIT	2.47	1.50	0.00
RENT DEPOSIT-PHANEENDRA BOSE	0.96	0.96	0.00
SECURITY DEPOSIT-SEZ	24.16	24.16	0.00
SEZ ONLINE DEPOSITS ACCOUNTS	0.02	0.00	0.00
VSEZ UNIT	5.65	5.64	0.00
<b>Loans and advances to others</b>	123.88	60.03	38.53
<b>Total</b>	<b>163.84</b>	<b>99.00</b>	<b>38.53</b>

**Annexure – I.13****STATEMENT OF OTHER CURRENT ASSETS AS RESTATED**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
Balances with Statutory Authorities	55.54	18.42	20.53
Advance Rent and Deposits and other expenses	2.49	1.87	1.87
<b>Total</b>	<b>58.03</b>	<b>20.29</b>	<b>22.40</b>

**Annexure – II.1****STATEMENT OF REVENUE FROM OPERATIONS AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Sales - Domestic	0.00	7.16	4.08
Sales - Direct Export	59.34	0.00	0.00
Sales - Deemed Export	4,864.70	2,210.55	0.00
<b>Total</b>	<b>4,924.04</b>	<b>2,217.71</b>	<b>4.08</b>

**Annexure – II.2****STATEMENT OF OTHER INCOME AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Interest Income	0.04	0.25	0.00
Rent Received	0.00	0.00	1.20
Others	0.05	0.00	0.00
<b>Total</b>	<b>0.09</b>	<b>0.25</b>	<b>1.20</b>

**Annexure – II.3****STATEMENT OF COST OF MATERIAL CONSUMED AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Opening Stock of Raw Materials	77.00	0.00	0.00
Purchases	4,908.72	2,116.35	0.00
Less : Closing stock of Raw Materials	-330.00	-77.00	0.00
<b>Total</b>	<b>4,655.72</b>	<b>2,039.35</b>	<b>0.00</b>

**Annexure – II.4****STATEMENT OF PURCHASES OF STOCK IN TRADE AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
<b>Stock in Trade</b>			
PURCHASE - IMPORTS	11.29	-	-
PURCHASE - LOCAL	25.76	-	0.27
PURCHASE INTER STATE	27.18	-	-
PURCHASES OF STOCK IN TRADE	-	6.50	-
<b>Total</b>	<b>64.23</b>	<b>6.50</b>	<b>0.27</b>

**Annexure – II.5****STATEMENT OF CHANGES IN INVENTORIES AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
<b>Opening Stock</b>			
Semi Finished Goods	0.00	0.00	0.00
Finished Goods	0.00	0.00	0.00
Scrap	0.00	0.00	0.00
<b>Less : Closing Stock</b>			
Semi Finished Goods	0.00	0.00	0.00
Finished Goods	-1,226.25	0.00	0.00
Scrap	0.00	0.00	0.00
<b>Increase / (Decrease) of Stocks</b>	<b>-1,226.25</b>	<b>0.00</b>	<b>0.00</b>

**Annexure – II.6****STATEMENT OF EMPLOYEE BENEFIT EXPENSES AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Salaries and Incentives	400.50	3.55	0.39
Staff Welfare expenses	0.05	0.00	0.00
<b>Total</b>	<b>400.55</b>	<b>3.55</b>	<b>0.39</b>

**Annexure – II.7****STATEMENT OF OTHER EXPENSES AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Stores and Spares	80.46	15.49	-
Machine Lease Rent	60.00	-	-
Repairs & Maintenance	1.82	0.89	-
Legal and professional charges	0.63	1.92	0.56
Freight & Handling charges	2.70	-	-
Power, Fuel & Electricity Charges	620.88	6.68	-
Insurance Charges	0.51	-	-
Detention Charges	-	-	-
Material Polishing	73.09	-	-
Car Hire Charges	0.12	-	-
Misc. & Sundry Expenses	3.20	1.44	0.63
Postage, Telephone & Internet Expenses	-	0.25	0.14

Membership & Subscriptions	0.15	-	-
Rent Rates & Taxes	18.79	52.06	1.76
Computer Expenses	-	0.14	-
Travelling & Conveyance	-	0.03	-
ROC Fees	-	0.53	-
Printing & Stationery Expenses	0.13	0.18	-
Auditors Remuneration	2.80	0.60	0.34
<b>TOTAL</b>	<b>865.28</b>	<b>80.21</b>	<b>3.43</b>

**Annexure – II.8****STATEMENT OF FINANCIAL CHARGES AS RESTATED**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Interest and Finance Charges	0.32	0.18	0.00
Bank Charges, Commission & Processing fees	0.73	0.72	0.02
<b>Total</b>	<b>1.05</b>	<b>0.90</b>	<b>0.02</b>

**Annexure – V****STATEMENT OF RELATED PARTY TRANSACTIONS AS RESTATED**

The company has not entered into any related party transactions with such parties identified as per accounting standard 18 issued by Institute of Chartered Accountants of India for the periods covered under audit.

**Annexure – VI****STATEMENT OF ACCOUNTING RATIOS AS RESTATED**

Particulars	31.03.21	31.03.20	31.03.19
EBITDA (₹ in Lakhs)	164.60	88.35	1.19
Net Profit as restated (₹ in Lakhs)	149.35	82.39	0.46
Net Worth (₹ in Lakhs)	1,536.20	1,057.73	47.28
Return on Net worth (%)	9.72%	7.79%	0.97%
Equity Share at the end of year (in Nos.)	12,61,990	10,26,908	50,000
(Face Value ` 10)	10.00	10.00	10.00
Weighted No. of Equity Shares	10,35,954	4,48,094	50,000
Basic and Diluted Earnings per Equity Share (₹)	14.42	18.39	0.92
Net Asset Value/Book Value per Equity share (Based on no of share at the end of year) (₹)	121.73	103.00	94.56

Note:- Earnings per share (Rs.) = Profit available to equity shareholders / weighted Average No. of shares outstanding at the end of the year.

Return on Net worth (%) = Restated Profit after taxation / Net worth x 100

Net asset value / Book value per share (Rs.) = net worth / No. of equity shares at the end of the year

The net worth is considered post elimination of revaluation reserves. The Company does not have any extra- ordinary items.

## Annexure – VII

## STATEMENT OF CAPITALIZATION AS RESTATED

(₹ in Lakhs)

Particulars	Pre-Issue	Post Issue*
	As at 31.03.2021	
<b>Debt :</b>		
Short term debt	0.00	0.00
Long term debt	0.00	0.00
<b>Total Debt</b>	<b>0.00</b>	<b>0.00</b>
<b>Shareholders' Funds</b>		
Equity Share Capital	126.20	1,625.91
Reserves and Surplus	1,410.00	3,196.27
Less: Revaluation Reserves	0.00	0.00
Less: Misc. Expenditure	0.00	0.00
<b>Total Shareholders' Funds</b>	<b>1,536.20</b>	<b>4,822.18</b>
Long Term Debt/ Shareholders' Funds	0.00	0.00
Total Debt / Shareholders Fund	0.00	0.00

\*Based on the assumption that IPO of 43,00,000 Equity Shares at the issue price of ₹50 will be fully subscribed.

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

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Draft Prospectus. You should also read the section entitled “Risk Factors” on page 21, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources.*

*Our financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the ICDR Regulations and restated as described in the report of our auditor dated August 23, 2021 which is included in this Draft Prospectus under “Financial Statements”. The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Our financial year ends on March 31 of each year, and all references to a particular financial year are to the twelve-month period ended March 31 of that year.*

### Business Overview

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad dated July 27, 2012 with the name ‘Precision Metaliks Limited’. Subsequently, the company was converted into private limited company and the name was changed to ‘Precision Metaliks Private Limited’ vide fresh certificate of incorporation issued by the Registrar of Companies, Telangana, Hyderabad on March 18, 2016. Subsequently, our Company was converted again into a public limited company and the name of our Company was changed to ‘Precision Metaliks Limited’ and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Telangana, Hyderabad, on March 19, 2021. Our Company’s Promoters are Abhishek Business Private Limited and Jayanthi Roja Ramani.

Our SEZ Unit is situated at Visakhapatnam Special Economic Zone, Duvvada, Visakhapatnam, Andhra Pradesh – 530049. Under this Unit we carry out the manufacturing activities / process on Semi-finished Wheels by rendering value added services such as cleaning, washing, buffing, polishing, testing and packing.

### Our Major Products / services

1. Value added services on alloy wheels
2. Automated cleaning of Aluminium chips + briquetting into Ingots
3. Robotic polishing of alloy wheels
4. Other Engineering Services

### Our Competitive Strengths

1. Cost effective, Precise and Automated Solutions
2. Repeat Customer Orders
3. Strong Professional Team

### Our Business Strategy

Our key strategic initiatives are described below:

1. Innovative Solutions, Integrated Manufacturing and Engineering Capabilities
2. Strengthening Customer relationships and capturing larger share of their requirements
3. Quality and quantity supply of auto components and aluminium castings by leveraging our global customer network

### Significant Developments Subsequent to the Last Financial Period

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the

business or profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

***COVID 19 Pandemic:***

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Since May 2020 many of these measures have been lifted. Due to a government mandated lockdown in India, we had to temporarily shut down our operations from mid-March 2020 to April 2020. We have resumed operations slowly from May 2020. We proactively engaged with our clients to reassure them and to demonstrate our commitment to restart our operations and to build confidence in the safety protocols deployed at our office. As a result, we have since experienced a gradual increase in business.

**Key factors affecting the results of operation:**

Our Company's future results of operations could be affected potentially by the following factors:

***Competition***

Our Company faces significant competition from other companies operating in the markets in India in which we operate. Some of these firms have greater resources and/or a more widely recognised brand than we have, which may give them a competitive advantage. Our ability to grow revenues will depend on demand for our services in preference to those of its competitors.

***Growth in the Indian economy***

General economic conditions in India have a significant impact on our results of operations. The Indian economy has grown rapidly over the past decade and is expected to continue to grow in the future. We believe growth in the overall economy has driven, and will drive, the underlying demand for our products.

***Regulatory developments***

Our Company is regulated by the Companies Act and some of its activities are subject to supervision and regulation by statutory and regulatory authorities. It is therefore subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles.

***Fluctuations in demand for our services***

Supply and demand market conditions are affected by various factors outside our control, including:

- prevailing local economic, income and demographic conditions;
- changes in applicable regulatory schemes; and
- competition from other players.

***Other factors***

1. Company's ability to successfully implement our strategy, our growth and expansion, technological changes;
2. Failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate;
3. Changes in laws and regulations relating to the segments in which we operate;
4. Our ability to attract, retain and manage qualified personnel;
5. Failure to adapt to the changing technology in our industry of operation may adversely affect our business and financial condition;

**Discussion on Results of Operation:**

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the financial years ended March 31, 2021, 2020 and 2019.

**OUR SIGNIFICANT ACCOUNTING POLICIES**

For Significant accounting policies please refer *Significant Accounting Policies, “Annexure IV” beginning under Chapter titled “Auditors’ Report and Financial Information of our Company” on page 122.*

**RESULTS OF OUR OPERATION**

Our restated financial statements consist of audited financial results of our Company for the period / financial years ended March 31, 2021, 2020 and 2019.

**Our Revenue Breakup:**

(₹ Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Sales - Domestic	0.00	7.16	4.08
Sales - Direct Export	59.34	0.00	0.00
Sales - Deemed Export	4,864.70	2,210.55	0.00
<b>Total</b>	<b>4,924.04</b>	<b>2,217.71</b>	<b>4.08</b>

**Comparison of Financial Years ended March 31, 2021, 2020 and 2019**

(₹ in Lakhs)

Particulars	31.03.21	31.03.20	31.03.19
<b>Income</b>			
<b>Revenue from Operations</b>	4,924.04	2,217.71	4.08
Increase/Decrease (%)	122.03%	54255.64%	
<b>Other Income</b>	0.09	0.25	1.20
<b>Total Income</b>	<b>4,924.13</b>	<b>2,217.96</b>	<b>5.28</b>
Increase/Decrease (%)	122.01%	41906.82%	
<b>Expenditure</b>			
<b>Cost of Materials Consumed</b>	<b>4,655.72</b>	<b>2,039.35</b>	<b>0.00</b>
Increase/Decrease (%)	128.29%	100.00%	
% to Total Income	94.55%	91.95%	0.00%
<b>Purchase of Stock in Trade</b>	<b>64.23</b>	<b>6.50</b>	<b>0.27</b>
Increase/Decrease (%)	888.15%	100.00%	
% to Total Income	1.30%	0.29%	5.11%
<b>Changes in Inventory</b>	<b>-1,226.25</b>	<b>0.00</b>	<b>0.00</b>
Increase/Decrease (%)	100.00%	100.00%	
% to Total Income	-24.90%	0.00%	0.00%
<b>Employee Benefit Expenses</b>	<b>400.55</b>	<b>3.55</b>	<b>0.39</b>
Increase/Decrease (%)	11183.10%	810.26%	
% to Total Income	8.13%	0.16%	7.39%
<b>Other Expenses</b>	<b>865.28</b>	<b>80.21</b>	<b>3.43</b>

Increase/Decrease (%)	978.77%	2238.48%	
% to Total Income	17.57%	3.62%	64.96%
<b>Total Operating Expenditure</b>	<b>4,759.53</b>	<b>2,129.61</b>	<b>4.09</b>
Increase/Decrease (%)	123.49%	51968.70%	
% to Total Income	96.66%	96.02%	77.46%
<b>PBIDT</b>	<b>164.60</b>	<b>88.35</b>	<b>1.19</b>
Increase/Decrease (%)	86.30%	7324.37%	
% to Total Income	3.34%	3.98%	22.54%
<b>Depreciation</b>	<b>12.38</b>	<b>3.64</b>	<b>0.44</b>
Increase/Decrease (%)	240.11%	727.27%	
% to Total Income	0.25%	0.16%	8.33%
<b>Profit Before Interest and Tax</b>	<b>152.22</b>	<b>84.71</b>	<b>0.75</b>
Increase/Decrease (%)	79.70%	11194.67%	
% to Total Income	3.09%	3.82%	14.20%
<b>Financial Charges</b>	<b>1.05</b>	<b>0.90</b>	<b>0.02</b>
Increase/Decrease (%)	16.67%	4400.00%	
% to Total Income	0.02%	0.04%	0.38%
<b>Profit before Taxation</b>	<b>151.17</b>	<b>83.81</b>	<b>0.73</b>
Increase/Decrease (%)	80.37%	11380.82%	
% to Total Income	3.07%	3.78%	13.83%
<b>Tax Effect</b>	<b>1.82</b>	<b>1.42</b>	<b>0.27</b>
Increase/Decrease (%)	28.17%	425.93%	
% to Total Income	0.04%	0.06%	5.11%
<b>Profit After Tax and restatement adjustment, if any(PAT)</b>	<b>149.35</b>	<b>82.39</b>	<b>0.46</b>
Increase/Decrease (%)	81.27%	17810.87%	
% to Total Income	3.03%	3.71%	8.71%

**Comparison of FY 2021 with FY 2020:****Total Income and Operating Revenue**

The Total Income for FY 2021 is ₹ 4924.13 lakhs as compared to ₹ 2217.96 lakhs during FY 2020 registering an increase of 122.01%. The Operating Revenue for FY 2021 is ₹ 4924.04 lakhs as compared to ₹ 2217.71 lakhs during FY 2020 showing increase of 122.03%. The entire revenue is from manufacturing activities and increase is contributed due to growth in the overall activities. However there has been some impact of Covid 19 lockdown during last March 2020 as well during FY 2021.

**Other Income**

Other Income for the FY 2021 was ₹ 0.09 lakhs as compared to ₹ 0.25 lakhs during the FY 2020. The Other Income comprising of mainly Interest Income.



### **Expenditure:**

#### **Cost of Materials Consumed**

Cost of Materials Consumed increased to ₹ 4655.72 lakhs for FY 2021 from ₹ 2039.35 lakhs for FY 2020 showing an increase of 128.29%. This increase was mainly due to increase in purchases due to overall increase in turnover. The Material Consumed was 94.55% of Total Income during FY 2021 as against that of 91.95% during FY 2020.

#### **Purchase of Stock in Trade**

Purchase of Stock in Trade increased to ₹ 64.23 lakhs for FY 2021 from ₹ 6.50 lakhs for FY 2020 showing an increase of 888.15%. This increase was mainly due to increase in purchases of consumables etc. The Purchase of Stock in Trade was 1.30% of Total Income during FY 2021 as against that of 0.29% during FY 2020.

#### **Changes in Inventory**

Changes in Inventory increased to ₹ 1226.25 lakhs for FY 2021 from ₹ Nil for FY 2020 showing an increase of 100%. This increase was mainly due to increase in Inventory of Finished goods due Covid situations.

#### **Employee Benefit Expenses**

Employee Benefit Expenses increased from ₹ 3.55 lakhs for the year ended March 31, 2020 to ₹ 400.55 lakhs for FY 2021 showing a increase of 11,183.10%. This increase was mainly due to increase in employee expenses in line with increased activities. Employee Benefit Expenses stood at 0.16% and 8.13% of Total income for FY 2020 and FY 2021 respectively.

#### **Other Expenses**

Other Expenses increased to ₹ 865.28 lakhs for FY 2021 from ₹ 80.21 lakhs for FY 2020. The increase was mainly due to increase in Power, fuel and electricity charges, Machine Lease rentals, Stores and spares, material polishing expenses among others. Other Expenses was 17.57% of Total income during FY 2021 as against 3.62% during FY 2020.

#### **Profit before Depreciation, Interest and Tax (PBDIT)**

PBDIT increased from ₹ 88.35 lakhs for FY 2020 to ₹ 164.60 lakhs for FY 2021, mainly on account of increase in revenue and other reasons as detailed above. During FY 2021, our Company recorded PBDIT margin of 3.34%% of the Total income as against 3.98% during FY 2020.

#### **Depreciation**

Depreciation on fixed assets was 0.25% of Total income during FY 2021 as compared to 0.16% during FY 2020. The total depreciation during FY 2020 was ₹ 3.64 lakhs and during FY 2021 it was ₹ 12.38 lakhs.

#### **Financial Charges**

Financial Charges comprising of Bank/ finance charges and interest on late payments. Financial Charges during FY 2020 was ₹ 0.90 lakhs and during FY 2021 it was ₹ 1.05 lakhs. Financial Charges was 0.02% of Total income during FY 2021 as compared to 0.04% during FY 2020.

#### **Profit after Tax and restatement adjustment (PAT)**

PAT increased from ₹ 82.39 lakhs for the FY 2020 to ₹ 149.35 lakhs in FY 2021. Though the absolute figure of PAT has grown due to higher sales, in percentage term it has slightly reduced due to increase in operating expenses and little higher depreciation charges. During FY 2021, our Company recorded PAT margin of 3.03% as against 3.71% for FY 2020.

### **Comparison of FY 2020 with FY 2019:**

There is no real comparison possible between FY 2020 and FY 2019 as there was no major operations during FY 2019 and accordingly only numeric comparison is done and % increase decrease is avoided as the same is showing erratic increase during FY 2020 over FY 2019, as disclosed in the table above.

## **Total Income and Operating Revenue**

The Total Income for FY 2020 is ₹ 2217.96 lakhs as compared to ₹ 5.28 lakhs during FY 2019. The Operating Revenue for FY 2020 is ₹ 2217.71 lakhs as compared to ₹ 4.08 lakhs during FY 2019. The entire revenue during FY 2020 is from manufacturing activities and increase contributed by growth in the activities of customers as well as better recognition for our products. However there has been some impact of Covid 19 lockdown during last March 2020.

## **Other Income**

Other Income for the FY 2020 was ₹ 0.25 lakhs as compared to ₹ 1.20 lakhs during the FY 2019. The Other Income comprising of Interest Income and Rental income.

## **Expenditure:**

### **Cost of Materials Consumed**

Cost of Materials Consumed increased to ₹ 2039.35 lakhs for FY 2020 from ₹ Nil for FY 2019. This increase was mainly due to increase in purchases due to overall increase in turnover during FY 2020. The Cost of Materials Consumed was 91.95% of Total Income during FY 2020 as against Nil% during FY 2019.

### **Purchase of Stock in Trade**

Purchase of Stock in Trade increased to ₹ 6.50 lakhs for FY 2020 from ₹ 0.27 lakhs for FY 2019. This increase was mainly due to increase in purchases of consumables etc. used in the manufacturing activities. The Purchase of Stock in Trade was 0.29% of Total Income during FY 2020 as against that of 5.11% during FY 2019.

### **Employee Benefit Expenses**

Employee Benefit Expenses increased from ₹ 0.39 lakhs for the year ended March 31, 2019 to ₹ 3.55 lakhs for FY 2020. This increase was mainly due to increase in employee strength. Employee Benefit Expenses stood at 7.39% and 0.16% of Total income for FY 2019 and FY 2020 respectively.

### **Other Expenses**

Other Expenses increased to ₹ 80.21 lakhs for FY 2020 from ₹ 3.43 lakhs for FY 2019. The increase was mainly due to increase in Rent, rates and taxes, Power, fuel and electricity charges, Stores and spare expenses among others. Other Expenses was 3.62% of Total income during FY 2020 as against 64.96% during FY 2019.

### **Profit before Depreciation, Interest and Tax (PBDIT)**

PBDIT increased from ₹ 1.19 lakhs for FY 2019 to ₹ 88.35 lakhs for FY 2020, mainly on account of increase in revenue and other reasons as detailed above. During FY 2020, our Company recorded PBDIT margin of 3.98%% of the Total income as against 22.54% during FY 2019.

### **Depreciation**

Depreciation on fixed assets was 0.16%% of Total income during FY 2020 as compared to 8.33% during FY 2019. The total depreciation during FY 2019 was ₹ 0.44 lakhs and during FY 2020 it was ₹ 3.64 lakhs.

### **Financial Charges**

Financial Charges comprising of Bank/ finance charges and interest on late payments. Financial Charges during FY 2019 was ₹ 0.02 lakhs and during FY 2020 it was ₹ 0.90 lakhs. Financial Charges was 0.04% of Total income during FY 2020 as compared to 0.38% during FY 2019.

### **Profit after Tax and restatement adjustment (PAT)**

PAT increased from ₹ 0.46 lakhs for the FY 2019 to ₹ 82.39 lakhs in FY 2020. This increase was mainly due to commencement of manufacturing operations and increase in sales. During FY 2020, our Company recorded PAT margin of 3.71% as against 8.71% for FY 2019.

**CASH FLOW DETAILS:**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>31.03.21</b>	<b>31.03.20</b>	<b>31.03.19</b>
Net cash generated from operation	(266.70)	(839.81)	22.80
Net cash (used) in investing activities	(1.05)	(84.34)	(18.80)
Net cash generated/(used) in financing activities	328.06	927.16	(0.02)
Net Increase / (Decrease) in cash and cash equivalents	60.31	3.01	3.98
Cash and cash equivalents at the beginning of the year	7.43	4.42	0.44
Cash and cash equivalents at the end of the year	67.74	7.43	4.42

We had a positive cash generation from our operating activities during FY 2019, however during FY 2021 and FY 2020 there was a negative cash generation from operating activities mainly due to increase in Debtors in FY 2020 and Inventories in FY 2021.

**OTHER MATTERS:**

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years, except the outbreak of COVID 19.

Significant economic changes that materially affected or are likely to affect income from continuing operations.

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in 'Factors Affecting our Results of Operations' and the uncertainties described in the section entitled 'Risk Factors' beginning on page 21. To our knowledge, except as we have described in the Draft Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Apart from the risks as disclosed under Section titled "Risk Factors" beginning on page 21, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**1. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by suppliers and service providers.

**2. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

Increases in revenues are by and large linked to increases in volume of business, better pricing and high margin product mix. There has been no change in the products or services of the Company.

**3. Total turnover of each major industry segment in which the issuer company operated.**

For details of the industry please refer to Chapter titled "Industry Overview" on page 72.

**4. Status of any publicly announced new products or business segment.**

We have not announced any new products or business segment.

**5. The extent to which business is seasonal.**

Our Company's business is not seasonal in nature.

**6. Any significant dependence on a single or few suppliers or customers.**

For the period ended March 31, 2021 and financial year ended March 31, 2020, our largest client, Synergies Castings Limited accounted for approximately 98.79% and 99.68% of our revenues from operations respectively.

For the financial year ended March 31, 2021, our top 5 suppliers contributed for approximately 99.63% of our purchases. For the financial year ended March 31, 2020, our 100% purchases were from 2 suppliers.

**7. Competitive conditions.**

Competitive conditions are as described under the *Chapters titled “Industry Overview” and “Our Business” on pages 72 and 72, respectively.*

### FINANCIAL INDEBTEDNESS

Our Company has not borrowed from banks / financial institutions for conducting its business. Following is a summary of our Company's outstanding borrowings as on March 31, 2021:

Sr. No.	Nature of Borrowing	Amount (₹ in lakhs)
1.	Secured Borrowings	0
2.	Unsecured Borrowings	0
	<b>Total</b>	<b>0</b>

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there is no (i) pending criminal litigation involving our Company, Directors, Promoter or Group Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors, Promoter or Group Companies; (iii) outstanding claims involving our Company, Directors, Promoter or Group Companies for any direct and indirect tax liabilities; (iv) outstanding proceedings initiated against our Company for economic offences; (v) defaults or non-payment of statutory dues by our Company; (vi) material fraud against our Company in the last five years immediately preceding the year of this Draft Prospectus; (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies law against our Company during the last five years immediately preceding the year of this Draft Prospectus and if there were prosecutions filed (whether pending or not); (viii) fines imposed or compounding of offences for our Company in the last five years immediately preceding the year of this Draft Prospectus; (ix) litigation or legal action against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Prospectus; (x) pending litigations involving our Company, Directors, Promoter, Group Companies or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; or (xi) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI (ICDR) Regulations and dues to small scale undertakings and other creditors.*

*For the purpose of material litigation in (x) above, our Board at its meeting dated September 23, 2021 has considered and adopted the following policy on materiality with regard to outstanding litigations to be disclosed by our Company in this Draft Prospectus:*

- (a) All criminal proceedings, statutory or regulatory actions and taxation matters, involving our Company, Promoters, Directors, or Group Companies, as the case may be shall be deemed to be material;*
- (b) All pending litigation involving our Company, Promoter, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' (a) the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of ₹10,00,000/- (Rupees Ten lakhs only) or 5% of the net profits after tax of the Company for the most recent audited fiscal period whichever is lower; or (b) where the monetary liability is not quantifiable, each such case involving our Company, Promoter, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company;*
- (c) Notices received by our Company, Promoter, Directors, or Group Companies, as the case may be, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that the Company / Directors / Promoter / Group Companies, as the case may be, are impleaded as parties in proceedings before any judicial forum.*

*Our Company, our Promoter and/or our Directors, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoter or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.*

*Unless otherwise stated, all proceedings are pending as of the date of this Draft Prospectus. All information provided below is as of the date of this Draft Prospectus.*

#### **LITIGATION INVOLVING OUR COMPANY, OUR DIRECTORS AND OUR PROMOTER:**

**Nil**

#### **LITIGATION INVOLVING OUR GROUP ENTITIES:**

**Nil**

**TAX PROCEEDINGS:**

A summary of tax proceedings involving our Company, our Promoter, our Directors, or our Group Companies are stated below:

<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount involved (₹ in lakhs)</b>
<b><i>Company</i></b>		
Direct Tax	1	3.30
Indirect Tax	2	26.84
<b><i>Our Promoters</i></b>		
Direct Tax	5	237.83
Indirect Tax	-	-
<b><i>Our Directors other than Promoters</i></b>		
Direct Tax	-	-
Indirect Tax	-	-
<b><i>Our Group Companies</i></b>		
Direct Tax	-	-
Indirect Tax	-	-

*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court / Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the court / tribunal where the case is pending.*

**LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTER AND OUR DIRECTORS: NIL****MATERIAL FRAUDS AGAINST OUR COMPANY**

There have been no material frauds committed against our Company in the five years preceding the year of this Draft Prospectus.

**PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES**

There are no proceedings initiated against our Company for any economic offences.

**NON-PAYMENT OF STATUTORY DUES**

As on the date of the Draft Prospectus there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) over dues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

**PAST CASES WHERE PENALTIES WERE IMPOSED**

Other than as mentioned above, there are no past cases where penalties were imposed on our Company by concerned authorities/courts.

**OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

As on the date of the Draft Prospectus, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

**PAST INQUIRIES, INSPECTIONS OR INVESTIGATIONS**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last five years immediately preceding the year of the Draft Prospectus in the case of our Company, Promoter, Directors. Other than as described above, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of the Draft Prospectus.

Further, there is no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

## OUTSTANDING DUES TO CREDITORS

As per the Materiality Policy, our Board has approved that each creditor, to whom our Company individually owes a net aggregate amount that exceeds 5.00% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company. Our Board has also approved that due owed by our Company to small scale undertakings as per the Restated Financial Statements for the most recent financial year shall be disclosed in a consolidated manner.

As of March 31, 2021, our Company, in its ordinary course of business, has an aggregate outstanding amount of ₹ Nil, which is due towards sundry and other creditors. As per the above policy, consolidated information of outstanding dues, as of March 31, 2021 owed to small scale undertakings, material dues to creditors and other dues to creditors separately, giving details of number of cases and aggregate amount for such dues is as under:

Particulars	Number of Creditors	Amount Outstanding (₹ in lakhs)
Dues to small scale undertakings	Nil	Nil
Material dues to creditors	Nil	Nil
Other dues to creditors	Nil	Nil

Further, our Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the yearend together with interest payable as required under the said Act have not been furnished. Our Company does not owe any small-scale industries or any MSMEs any amounts exceeding ₹1.00 lakh which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [www.precision-metaliks.com](http://www.precision-metaliks.com). It is clarified that such details available on our website do not form a part of this Draft Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

## MATERIAL DEVELOPMENTS

Except as stated in “*Management's Discussion and Analysis of Financial Condition and Results of Operation*” on page 141, there have not arisen, since the date of the last financial statements disclosed in the Draft Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.



## GOVERNMENT AND OTHER APPROVALS

We have set out below a list of material approvals, consents, licences and permissions from the governmental and regulatory authorities obtained by our Company which are considered material and necessary for the purpose of undertaking our business activities and operations. In view of the approvals listed herein, our Company can undertake the Offer and its current business activities. Unless otherwise stated, our Company has obtained all material approvals and the same are valid as of the date of this Draft Prospectus. The material approvals, consents, licenses, registrations and permits obtained by our Company which enable it to undertake its current business activities are set forth below. Further, as on the date of this Draft Prospectus, our Company does not have any material subsidiaries.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities. For further details in connection with the regulatory and legal framework within which we operate, please refer “Key Industrial Regulations and Policies in India” on page 95.

### A. Corporate / General Authorizations

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Valid up to
1.	Certificate of Incorporation in the name of “ <i>Precision Metaliks Limited</i> ”	Registrar of Companies, Andhra Pradesh	U74900AP2012PLC082194	July 27, 2012	Valid until cancelled
2.	Certificate of Commencement of Business in the name of “ <i>Precision Metaliks Limited</i> ”	Registrar of Companies, Andhra Pradesh	U74900AP2012PLC082194	August 01, 2012	Valid until cancelled
3.	Certificate of Incorporation consequent upon conversion to private limited Company in the name of “ <i>Precision Metaliks Private Limited</i> ”	Registrar of Companies, Hyderabad, Telangana	U74900TG2012PTC082194	March 18, 2016	Valid until cancelled
4.	Certificate of Incorporation for change in name pursuant to conversion of Company from private limited to public “ <i>Precision Metaliks Limited</i> ”	Registrar of Companies, Hyderabad, Telangana	U74900TG2012PLC082194	March 19, 2021	Valid until cancelled

### B. Issue Related Authorizations

- Our Board of Directors has, pursuant to a resolution passed at its meeting held on August 23, 2021, authorised the Issue subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary.
- The shareholders of our Company have authorised the Issue, pursuant to a special resolution under Section 62(1)(c) of the Companies Act, 2013, passed at their AGM held on September 02, 2021.
- Our Company has obtained in-principle approval dated [●] from the NSE.
- Our Company’s International Securities Identification Number (“ISIN”) is INE0HKW01018.

### C. Tax Related and Other Business Approvals:

Sr. No.	Authorisation Granted	Issuing Authority	Registration No. / Reference No. / License No.	Applicable Act/ Regulation	Valid up to
1.	Permanent Account Number (PAN)	Income Tax Department, GoI	AAGCP7327L	Income Tax Act, 1961	Valid until cancelled

2.	Tax Deduction and Collection Account Number (TAN)	Income Tax Department, GoI	VPNP01733E	Income Tax Act, 1961	Valid until cancelled
3.	Goods & Services Tax Registration (GST REG – 06)	Government of India	37AAGCP7327L1ZX For DTA unit	Andhra Pradesh Goods and Service Tax Act, 2017	Valid until cancelled
4.	Goods & Services Tax Registration (GST REG – 06)	Government of India	37AAGCP7327L2ZW For SEZ unit	Andhra Pradesh Goods and Service Tax Act, 2017	Valid until cancelled
5.	Udyog Aadhar Registration Certificate	Ministry of Micro, Small and Medium Enterprises, GOI	AP10B0027472	--	Valid until cancelled
6.	Consent for Establishment	Andhra Pradesh Pollution Control Board, Visakhapatnam	Order No. 3973/APPCB/RO-VSP/2019 - 6665 dated 02/07/2019	Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981	7 years from the date of Issue
7.	Certificate of Importer – Exporter Code (IEC)	Ministry of Commerce and Industry, GOI	0912016876	Asst. Director General of Foreign Trade	Valid until cancelled
8.	Visakhapatnam SEZ admission Letter	Ministry of Commerce & Industry, Visakhapatnam	9/SEZ/333/VSEZ/2018 / 5326 – 5328 dated July 31, 2018	--	5 years from the date of commencement of Production/ service activities

**D. Intellectual Property Registration**

Our Company does not own any trademarks registered under the Trademarks Act

**E. Approvals applied for but not yet received / Renewals made in the usual course of business:**

Application no. PTZONE2152021092\_004 dated September 02, 2021 for Profession Tax Registration.

**F. Material licenses / approvals for which our Company is yet to apply for / Statutory Approvals / Licenses required:**

Nil

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

#### Corporate Approvals

- Our Board has, pursuant to its resolution dated August 23, 2021, authorized the Issue under Section 62(1)(c) of the Companies Act 2013.
- Our Equity Shareholders have, pursuant to a resolution dated September 02, 2021, under Section 62(1)(c) of the Companies Act, authorized the Issue.

We have received approval from NSE *vide* their letter dated [●], 2021 to use the name of National Stock Exchange of India Limited in this Offer Document for listing of our Equity Shares on EMERGE Platform of NSE. NSE is the Designated Stock Exchange.

### Prohibition by SEBI, the RBI or other Governmental Authorities

Our Company, our Promoter, our Directors, the members of the Promoter Group, the persons in control of our Company and each of the Selling Shareholders have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority or court, including any securities market regulator in any jurisdiction.

### Prohibition by RBI

Neither our Company, our Promoter, our Directors, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a wilful defaulter or a fugitive economic offender and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

None of our Promoters or Directors are Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter and members of the Promoter Group, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended (“**SBO Rules**”), to the extent applicable to each of them as on the date of this Draft Prospectus.

### Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market and there has been no action initiated by SEBI against the Directors of our Company in the five years preceding the date of this Draft Prospectus.

### Eligibility for this Issue

Our Company has complied with the conditions of Regulation 230 of SEBI (ICDR) Regulations, 2018 for this Issue.

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 229(2) and other provisions of Chapter IX of the SEBI (ICDR) Regulations, 2018 as we are an Issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the “*EMERGE Platform of NSE*”).

We confirm that:

1. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this issue is 100% underwritten and that the LM to the Issue has underwritten minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled “General Information -Underwriting” beginning on page 43.
2. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013.
3. In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, we shall ensure that our Lead Manager submits a soft copy of the Draft Prospectus to SEBI at the time of filing the Draft Prospectus with Stock Exchange. Further, in terms of Regulation 246(2), SEBI shall not issue observation on the Draft Prospectus.
4. In accordance with Regulation 261 (1) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the Lead Manager and with Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the EMERGE Platform of NSE. For further details of the arrangement of market making please refer to section titled “General Information - Details of the Market Making Arrangements for this Issue” beginning on page 43.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations, 2018 as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the EMERGE Platform of the NSE:-

- Our Company was incorporated on July 27, 2012, with the Registrar of Companies, Andhra Pradesh, Hyderabad under the Companies Act, 1956 in India.
- The post issue capital of our Company will be ₹ 1625.91 lakhs (₹ 16.26 Crores), which is less than ₹ 25 Crores.
- Our Company has a track record of three years of existence as on the date of filing of this Draft Prospectus.
- Our Company has positive cash accruals (Earnings before depreciation and tax) from operations for at least any 2 (two) out of 3 (three) financial years preceding the date of filing of this Draft Prospectus and the net worth of our Company is positive as per the latest audited financial statements.

#### **Cash Accruals**

(₹ in Lakhs)

Particulars	For the FY/Period ended		
	31.03.21	31.03.20	31.03.19
Profit Before Tax	151.17	83.81	0.73
Add: Depreciation	12.38	3.64	0.44
Less: Other Income	-0.09	-0.25	-1.20
<b>Positive Cash Accruals (Earnings Before Depreciation and Tax)</b>	<b>163.46</b>	<b>87.20</b>	<b>-0.03</b>

Net worth of our Company as per the latest audited financial statements (FY 2020-21) is ₹ 1536.20 lakhs.

- Our Company has not been referred to Board for Industrial and Financial Reconstruction (BIFR).
- No petition for winding up is admitted by a Court of competent jurisdiction against our Company as on the date of filing of this Draft Prospectus.

- No material regulatory or disciplinary action has been taken against our Company by a stock exchange or regulatory authority in the past three years.
- We have a website: [www.precision-metaliks.com](http://www.precision-metaliks.com)

**Other Disclosures:**

- i. We have Disclosed all material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoter/promoting Company(ies), group companies, companies promoted by the promoter/promoting Company(ies) of the applicant Company in the Prospectus.
- ii. There are no Defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, Fis by the applicant, promoter/promoting Company(ies), group companies, companies promoted by the promoter/promoting Company(ies) during the past three years.
- iii. We have Disclosed the details of the applicant, promoter/promoting Company(ies), group companies, companies promoted by the promoter/promoting Company(ies) litigation record, the nature of litigation, and status in this Draft Prospectus, For details, please refer the chapter “Outstanding Litigation & Material Developments” on page no. 161 of this Prospectus.
- iv. We have disclosed all details of the track record of the directors, the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the Company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc. For Details, refer the chapter “Outstanding Litigation & Material Developments” on page no. 161 of this Prospectus.

As per Regulation 230 (1) of the SEBI ICDR Regulations, our Company has ensured that:

- The Draft Prospectus has been filed with NSE and our Company has made an application to NSE for listing of its Equity Shares on the EMERGE platform of NSE. NSE is the Designated Stock Exchange.
- Our Company has entered into an agreement with NSDL and CDSL for dematerialisation of its Equity Shares already issued and proposed to be issued.
- The entire pre-Issue share capital of our Company comprises of fully paid-up Equity Shares and the Equity Shares proposed to be issued pursuant to this IPO will be fully paid-up.
- The entire Equity Shares held by the Promoters will be in dematerialised form before opening of the Issue for subscription.
- The requirement of firm arrangements of finance through verifiable means towards seventy-five per cent of the stated means of finance for funding from the issue proceeds, excluding the amount to be raised through the proposed public offer or through existing identifiable internal accruals is not applicable to our Company. For details, please refer the chapter “Objects of the Issue” on page 57.

Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230 (2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 228 of the SEBI ICDR Regulations. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:

- a. Neither our Company nor our Promoters, members of our Promoter Group or our Directors are debarred from accessing the capital markets by the SEBI.
- b. None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- c. Neither our Company nor our Promoters or Directors is a wilful defaulter.
- d. None of our Promoters or Directors is a fugitive economic offender.

We further confirm that we shall be complying with all other requirements as laid down for such offer under Chapter IX of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

Further, in accordance with Regulation 268(1) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, FIRST OVERSEAS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS OFFER DOCUMENT, THE LEAD MANAGER, FIRST OVERSEAS CAPITAL LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, FIRST OVERSEAS CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2018.**

**THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 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, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Telangana in terms of sections 26, 32 and 33 of the Companies Act, 2013.

#### **Disclaimer from our Company and the Lead Manager**

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU / Issue Agreement entered into between the Lead Manager and our Company dated September 15, 2021 and the Underwriting Agreement dated September 15, 2021 entered into between the Underwriter and our Company and the Market Making Agreement dated September 15, 2021 entered into among the Lead Manager, the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the Applicants and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at collection centres or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our Group Entities or their respective affiliates or associates for which they have received, and may in future receive compensation.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, Alternative Investment Fund, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹2,500 lakhs, pension fund with minimum corpus of ₹2,500 lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and Insurance funds set up and managed by the Department of Posts, India, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company this Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Prospectus shall be submitted to the EMERGE Platform of National Stock Exchange of India Limited (“NSE”). NSE vide its letter dated [●], 2021 has given permission to Precision Metaliks Limited to use its name in the Offer Document as the Stock Exchange on whose Small and Medium Enterprises Platform (“EMERGE platform”) the Company’s securities are proposed to be listed. NSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss

which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

### **Track records of past issues handled by FIRST OVERSEAS CAPITAL LIMITED**

For details regarding the track record of the First Overseas Capital Limited, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of First Overseas Capital Limited at [www.focl.com](http://www.focl.com)

### **Listing**

The Equity Shares of our Company are proposed to be listed on EMERGE Platform of NSE. Our Company has obtained in-principle approval from NSE by way of its letter dated [●] for listing of equity shares on EMERGE Platform of NSE.

NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the EMERGE Platform is not granted by NSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within the prescribed time then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of NSE mentioned above are taken within Six (6) Working Days of the Issue Closing Date. If Equity Shares are not Allotted pursuant to the Offer within Six (6) Working Days from the Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period Subject to applicable law.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who –*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten 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.

### **Consents**

#### **Consents**

Consents in writing of (a) Our Directors, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Banker to the Company; (b) Lead Manager, Registrar to the Issue, Banker to the Issue/ Sponsor Bank\*, Legal Advisor to the Issue, Underwriter to the Issue and Market Maker to the Issue to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 26 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

*\*The aforesaid will be appointed prior to filing of Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.*



In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s. PPKG & Co., Chartered Accountants, have agreed to provide their written consent to include its report dated August 23, 2021 on the Statement of Possible Tax Benefits, which may be available to the Company and its shareholders, included in this Draft Prospectus. M/s. PPKG & Co., Chartered Accountants also have provided their written consent to the inclusion of their reports dated August 23, 2021 on the Restated Financial Statements of our Company in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

### **Expert Opinion**

Except for the reports in the section “Financial Information of the Company” on Restated Financial Information and “Statement of Tax Benefits” on page 139 and page 64, from the Statutory Auditors, our Company has not obtained any expert opinions.

### **Previous Rights and Public Issues during the Last Five Years**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

### **Previous capital issue during the last three years by listed Group Companies and Subsidiary of our Company**

None of the Group Companies of our Company are listed. Further, none of our Group Companies have made any public or rights issue of securities in the preceding three years.

### **Performance vis-à-vis objects**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

None of the Group Entities has made public issue of equity shares during the period of ten years immediately preceding the date of filing draft offer document with the NSE.

### **Details of Fees Payable**

#### **Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting fees) will be as per the Memorandum of Understanding and Underwriting Agreement among our Company and the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated September 02, 2021 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

#### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Statutory Auditor and Advertisers, etc. will be as per the terms of their respective engagement letters, if any.

**Statement on Price Information of Past Issues handled by First Overseas Capital Limited:-****TABLE 1**

Sr. No.	Issue Name	Issue Size (Rs. Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180 <sup>th</sup> calendar days from listing
1.	U. H. Zaveri Ltd	7.99	36.00	22-05-2018	27.00	+0.03(0.02)	-0.30 (+0.10)	+0.40 (+0.03)
2.	Palm Jewels Ltd	8.90	30.00	12-06-2018	37.50	-0.15(+0.02)	-0.25 (+0.06)	+0.26 (-0.02)
3.	S. M. Gold Limited	7.50	30.00	19-10-2018	30.60	-0.11 (+0.02)	-0.12 (+0.05)	+0.01(+0.14)
4.	Veeram Infra Engineering Ltd	10.74	51.00	23-10-2018	53.00	+0.04 (0.03)	-0.05 (+0.08)	+0.63(+0.14)
5.	Novateor Research Laboratories Ltd	4.49	24	13-09-2019	24.00	+0.74(0.02)	+17.08(-0.29)	-57.17(12.20)
6.	Janus Corporation Ltd	7.99	50	06-02-2020	50.70	+6.51(-8.51)	+6.51(-18.15)	+32.05(-18.32)
7.	RO Jewels	4.91	36	25-03-2020	36	-4.96(-2.93)	0(+2.74)	-8.93(3.71)
8.	Party Cruisers Limited	7.75	51	05-03-2021	54	-0.67(-0.01)	-0.65(+0.04)	+0.72(+0.13)
9.	BEW Engineering Limited	3.97	58	16-09-2021	127.60	N.A.	N.A.	N.A.

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

Financial Year	Total no. Of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount-30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium-30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount-180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium-180 <sup>th</sup> calendar days from listing		
			Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %	Over 50 %	Between 25-50 %	Less than 25 %
2021-22*	1	3.97	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	1	7.75	1	0	0	0	0	0	1	0	0	0	0	0
2019-20	3	17.39	0	0	1	0	0	2	1	0	1	0	1	0
2018-19	4	35.13	0	0	4	0	0	2	1	0	1	0	0	0

\* Upto the date of Draft Prospectus

### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Partly Paid-Up Shares**

As on the date of this Draft Prospectus, there are no partly paid-up Equity Shares of our Company.

### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Prospectus.

### **Option to Subscribe**

- a. Investors will get the allotment of specified securities in dematerialization form only.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.

### **Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

### **Investor Grievances and Redressal System**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Lead Manager and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

SEBI has launched a centralized web based complaints redress system “SCORES”. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in). Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

The Board has constituted a Stakeholders Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer to the “Our Management” on page 103.

As on the date of this Draft Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Draft Prospectus.

Our Company has appointed CS Rakesh Kumar Chandak as the Company Secretary and Compliance Officer and he may be contacted at the following address:

**Rakesh Kumar Chandak**

**Corporate Office :** 9-19-43, Suryadev Apartments,

Flat – 202, CBM Compound,

Visakhapatnam – 530003

Andhra Pradesh, India

**Tel:** +91 891 4884132

**Website:** [www.precision-metaliks.com](http://www.precision-metaliks.com)

**E-mail:** cs@precision-metaliks.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

As on the date of this Draft Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Draft Prospectus.

Our Company, Lead Manager and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

We do not have any Group Companies or Subsidiaries, hence listing of them on any stock exchange is not applicable.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

## SECTION VIII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations 2015 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the website of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public offer may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.*

*Further vide the said circular Registrar to the Issue and Depository Participants have been also authorized to collect the application forms. Investor may visit the official website of the concerned for any information on operationalization of this facility of form collection by the Registrar to the Issue and Depository Participants as and when the same is made available.*

#### **Ranking of Equity Shares**

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer “Main Provisions of Articles of Association” on page 196.

#### **Authority for the Issue**

This Issue has been authorized by a resolution of the Board passed at their meeting held on August 23, 2021 subject to the approval of shareholders through a special resolution to be passed pursuant to section 62 (1) (c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62 (1) (c) of the Companies Act, 2013 passed at the AGM of the Company held on September 02, 2021.

#### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, 1956 and Companies Act, 2013, Article of Association, the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 any other rules, regulations or guidelines as may be issued by Government of India in connection to recommendation by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, in cash as per the provisions of the Companies Act and our Articles of Association.

#### **Face Value and Issue Price per Share**

The face value of the Equity Shares is ₹10.00 each and the Issue Price is ₹50.00 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under “Basis for Issue Price” on page 62. At any given point of time there shall be only one denomination for the Equity Shares.

#### **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 the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer “*Main Provisions of Articles of Association*” on page 196.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

### **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 joint – tenants with benefits of survivorship.

### **Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated May 26, 2021 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated May 04, 2021 amongst CDSL, our Company and the Registrar to the Offer.

### **Market Lot and Trading Lot**

The trading of the Equity Shares will happen in the minimum contract size of 2,000 Equity Shares and the same may be modified by the EMERGE Platform of NSE from time to time by giving prior notice to investors at large.

### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to

the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **Minimum Number of Allottees**

Further in accordance with the Regulation 268 of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs and sponsor bank, shall be unblocked within 4 working days of closure of Offer.

#### **Period of the Subscription list of the Public Issue**

<b>Event</b>	<b>Indicative Date</b>
Issue Opening Date	[●]
Issue Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds	[●]
Credit of Equity Shares to Demat Accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

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

#### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

In terms of Regulation 260 of the SEBI ICDR Regulations, 2018, the Issue is 100% underwritten. For details of underwriting arrangement, kindly refer the chapter titled “General Information – Underwriting” on page 43.

Further, in accordance with Regulation 267 of the SEBI ICDR Regulations, 2018, the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

#### **Arrangements for Disposal of Odd Lots**

The trading of the equity shares will happen in the minimum contract size of 2,000 shares. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the EMERGE Platform of NSE.

#### **Option to receive Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, the Equity Shares in the Issue shall be allotted only in dematerialised form. Further, as per the SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchange.

#### **Migration to Main Board**

In accordance with the NSE Circular dated March 10, 2014, our Company will have to be mandatorily listed and traded on the EMERGE Platform of NSE for a minimum period of 2 (Two) years from the date of listing and only after that it can migrate to the Main Board of NSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. Our Company may migrate to the main board of NSE from the EMERGE Platform on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above ₹25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to NSE for listing our shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid up Capital of the company is more than ₹10 crores but below ₹25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

#### **Market Making**

The shares issued and transferred through this Offer are proposed to be listed on the EMERGE platform of NSE with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on the EMERGE Platform of NSE. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 35 of this Draft Prospectus.

#### **As per the extent Guideline of the Government of India, OCBs cannot participate in this Issue.**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

#### **New Financial Instruments**

The Issuer Company is not issuing any new financial instruments through this Issue.



**Application by Eligible NRIs, FPIs, VCFs, AIFs registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCFs registered with SEBI. Such Eligible NRIs, FPIs or VCFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Issue capital of our Company, Promoters' minimum contribution as provided in "*Capital Structure*" on page 47, and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, please refer "*Main Provisions of Articles of Association*" on page 196.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 229(2) of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the EMERGE Platform of NSE). For further details regarding the salient features and terms of such an issue please refer “*Terms of the Issue*” and “*Issue Procedure*” on page 165 and 170, respectively.

### Following is the Issue structure:

Public Issue of 43,00,000 Equity Shares of face value of ₹10.00 each of our Company for cash at a price of ₹50 per Equity Share (including a share premium of ₹40 per Equity Share) (“Issue Price”) aggregating to ₹2150 lakhs (“the Issue”) of which 2,16,000 Equity Shares aggregating to ₹108 lakhs will be reserved for subscription by Market Maker (“Market Maker Reservation Portion”). The Issue less the Market Maker Reservation Portion i.e. issue of 40,84,000 Equity Shares of face value of ₹10.00 each at an Issue Price of ₹50 per equity share aggregating to ₹2042 lakhs is hereinafter referred to as the “Net Issue”. The Issue and the Net Issue will constitute 26.45% and 25.12%, respectively of the post issue paid-up equity share capital of our Company.

Particulars	Net Issue to Public <sup>^</sup>	Market Maker reservation portion
<b>Number of Equity Shares</b>	40,84,000 Equity Shares	2,16,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	94.98% of the Issue Size  (50% for the Retail Individual Investors and the balance 50% for Other than Retail Individual Investors).	5.02% of the Issue Size
<b>Basis of Allotment/Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of 2,000 Equity Shares and Further allotment in multiples of 2,000 Equity Shares each.  For further details please refer to the section titled “ <i>Issue Procedure</i> ” on page 173.	Firm Allotment
<b>Mode of Application*</b>	All the applicants shall make the application (Online or Physical) through the ASBA Process only (including UPI mechanism for Retail Investors using Syndicate ASBA).	
<b>Minimum Application Size</b>	<b><u>For QIB and NII:</u></b>  Such number of Equity Shares in multiples of 2,000 Equity Shares at an Issue price of ₹50 each such that the Application Value exceeds ₹2,00,000  <b><u>For Retail Individuals:</u></b>  2,000 Equity Shares at an Issue price of ₹50 each.	2,16,000 Equity Shares at an Issue price of ₹50 each
<b>Maximum Application</b>	<b><u>For QIB and NII:</u></b> The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations as applicable.	2,16,000 Equity Shares at an Issue price of ₹50 each

Particulars	Net Issue to Public <sup>^</sup>	Market Maker reservation portion
	<b><u>For Retail Individuals:</u></b> 2,000 Equity Shares at an Issue price of ₹50 each.	
<b>Mode of Allotment</b>	Dematerialized Form	Dematerialized Form
<b>Trading Lot</b>	2,000 Equity Shares	2,000 Equity Shares. However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations.
<b>Terms of payment</b>	Full Application Amount shall be blocked by the SCSBs in the bank account of the ASBA Applicant that is specified in the Application Form at the time of submission of the Application Form.	

*This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details please refer 'Terms of the Issue' on page 165.*

\*As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price offer the allocation in the net offer to the public category shall be made as follows:

- d) Minimum fifty percent to retail individual investors; and
- e) Remaining to:
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- f) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

*\* In case of joint Application, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.*

### **Withdrawal of the Issue**

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of NSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

#### Issue Programme

<b>Issue Opening Date</b>	<b>[●]</b>
<b>Issue Closing Date</b>	<b>[●]</b>

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

Standardization of cut-off time for uploading of Applications on the Issue Closing Date:

- a) A standard cut-off time of 3.00 p.m. for acceptance of Applications.
- b) A standard cut-off time of 4.00 p.m. for uploading of Applications received from other than Retail Individual Applicants.
- c) A standard cut-off time of 5.00 p.m. for uploading of Applications received from only Retail Individual Applicants, which may be extended up to such time as deemed fit by NSE after taking into account the total number of Applications received up to the closure of timings and reported by Lead Manager to NSE within half an hour of such closure.

It is clarified that Applications not uploaded, would be rejected. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per physical application form of that Applicant may be taken as the final data for the purpose of Allotment.

Applications will be accepted only on Working days i.e. all days excluding Saturdays, Sundays and public holidays, on which the commercial banks in the city as notified in the offer document are open for business.

## ISSUE PROCEDURE

All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations 2015 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is available on the website of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

The General Information Document highlights certain key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 the Securities Contracts (Regulation) Act, 1956 (“SCRA”), the Securities Contracts (Regulation) Rules, 1957 (“SCRR”), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”). Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue.

Additionally, all Applicants may refer to the General Information Document for information in relation to (i) Category of investor eligible to participate in the Offer; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Applicants; (v) Issuance of CAN and Allotment in the Offer; (vi) General instructions (limited to instructions for completing the Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Application Form; (x) other instructions (limited to joint applications in cases of individual, multiple applications and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.

All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Draft Prospectus and the Prospectus.

Further, our Company and the Lead Manager do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI mechanism for application in this Issue.

The lists of Banks that have been notified by SEBI as Issuer Banks for UPI are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. The list of Stockbroker, Depository Participants (DP), Registrar to an Issue and Share Transfer Agent (RTA) that has been notified by NSE to act as intermediaries for submitting Application Forms are provided on [www.nseindia.com](http://www.nseindia.com).

SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, and as modified through its circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no.

SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and the circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 (collectively the “**UPI Circulars**”) has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI mechanisms for RIIs applying through Designated Intermediaries have been made effective along with the existing process and existing timeline of T+6 days. The same was applicable until June 30, 2019 (“UPI Phase I”). With effect from July 1, 2019, with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount be continued till further notice. Subsequently, the final reduced timeline will be made effective using the UPI mechanism for applications by RIIs (“UPI Phase III”), as may be prescribed by SEBI.

#### ***Phased implementation of Unified Payments Interface***

SEBI has issued a **UPI Circulars** in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase has become applicable from January 1, 2019 and will continue till June 30, 2019. Under this phase, a Retail Individual Applicant would also have the option to submit the Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.

**Phase II:** This phase commenced on completion of Phase I i.e. with effect from July 1, 2019 and was to be continued for a period of three months or launch of five main board public issues, whichever is later. Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount be continued till further notice. Under this phase, submission of the Application Form by a Retail Individual Applicant through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

**Phase III:** Subsequently, the time duration from public issue closure to listing would be reduced to be three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers are to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Lead Manager.

#### **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made in compliance with the provisions of Chapter IX of the SEBI (ICDR) Regulations, 2018 and through the Fixed Price Process. As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue the allocation in the net offer to the public category shall be made as follows:

- g) Minimum fifty percent to retail individual investors; and
- h) Remaining to:
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- i) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in

the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.

Applicants are required to submit their Applications to the Application collecting intermediaries i.e. SCSB or Registered Brokers of Stock Exchanges or Registered Registrar to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

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

**Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN, UPI ID (in case of RIBs using the UPI mechanism) and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the stock exchange, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares**

#### **APPLICATION FORM**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.

ASBA Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected. Retail Individual Investors using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

<b>Category</b>	<b>Colour<sup>(1)</sup></b>
Indian Public / eligible NRIs applying on a non-repatriation basis (ASBA)	White
Non-Residents including eligible NRIs, FPI's, FII's, FVCI's, etc. applying on a repatriation basis (ASBA)	Blue

(1) *Excluding electronic Application Form.*

RIBs using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the application form, respective intermediary shall capture and upload the relevant bid details, including UPI ID, in the electronic bidding system of stock exchange(s).

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. An Investor, intending to subscribe to this Issue, shall submit a completed application form to any of the following Intermediaries (Collectively called "Designated Intermediaries")

<b>Sr. No.</b>	<b>Designated Intermediaries</b>
1.	An SCSB, with whom the bank account to be blocked, is maintained.
2.	A syndicate member (or sub-syndicate member)

3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)('broker')
4.	A depository participant ('DP')(whose name is mentioned on the website of the Stock Exchange as eligible for this activity)
5.	A registrar to an issue and share transfer agent ("RTA")(whose name is mentioned on the website of the stock exchange as eligible for this activity)

Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as 'Intermediaries'), and intending to use UPI, shall also enter their UPI ID in the bid-cum-application form.

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as proof of having accepted the application form, in physical form or electronic mode respectively.

The upload of the details in the electronic bidding system of the stock exchange will be done by:

<b>For the applications submitted by the investors to SCSB</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the Bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of the Issue.
For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment	<p>After accepting the application form, respective intermediary shall capture and upload the relevant bid details, including UPI ID, in the electronic bidding system of stock exchange(s).</p> <p>Stock Exchange shall share bid details including the UPI ID with Sponsor Bank on a continuous basis, to enable Sponsor Bank to initiate mandate request on investors for blocking of funds.</p> <p>Sponsor Bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his / her mobile application, associated with UPI ID linked bank account.</p>

Stock exchange(s) shall validate the electronic details with depository's records for DP ID/Client ID and PAN, on a real time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.

Stock exchange(s) shall allow modification of selected fields viz. DP ID/Client ID, Bank code and Location code, in the bid details already uploaded.

#### Who Can Apply?

1. Indian nationals resident in India, who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in equity shares;



4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Applications portion;
9. Venture Capital Funds registered with SEBI;
10. Foreign Venture Capital Investors registered with SEBI;
11. Eligible Qualified Foreign Investors;
12. Foreign Nationals and other non-residents (subject to eligibility norms specified in SEBI FPI Regulations, 2014 and other applicable provisions);
13. Multilateral and bilateral development financial institutions;
14. State Industrial Development Corporations;
15. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
16. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
17. Insurance companies registered with Insurance Regulatory and Development Authority;
18. Provident Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Pension Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
20. Limited liability partnerships;

21. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the Government of India, published in the Gazette of India;
22. Nominated Investor and Market Maker;
23. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India;
24. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
25. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.
26. Applications not to be made by:
  1. Minors (except through their Guardians)
  2. Partnership firms or their nominations
  3. Overseas Corporate Bodies

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Maximum and Minimum Application Size**

- For Retail Individual Applicants:

The Application must be for a minimum of 2,000 Equity Shares and in multiples of 2,000 Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹2,00,000. In case of revision of the Application, the Retail Individual Applicants have to ensure that the Application Amount does not exceed ₹2,00,000.

- For Other Applicants [Non-Institutional Applicants and Qualified Institutional Buyer(s) (QIB)]:

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹2,00,000 and in multiples of 2,000 Equity Shares thereafter. Application cannot be submitted for more than the Issue Size. However, the maximum application size by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Application at any stage and are required to pay the entire Application Amount upon submission of the Application.** Under the existing SEBI regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in Application, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

The above Information is given for the benefits of the Applicants. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus and the Prospectus.

**Participation by associates and affiliates of the Lead Manager and the Syndicate Members**

The Lead Manager shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue in non Retail Portion, where the allocation is on a proportionate basis and such subscription may be on their own account or on the behalf of their clients.

**Option to subscribe in the Issue**

- a) As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares shall be dematerialized form only. Investors will not have the option of getting of specified securities in physical form. However, they may get the specified securities re-materialized subsequent to allotment.
- b) The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c) A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable laws.

**Applications by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to reject the Application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been 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.

**Applications by Eligible NRIs**

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (NRE) accounts, or Foreign Currency Non-Resident (FCNR) Accounts, and eligible NRI Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (NRO) accounts for the full application amount, at the time of the submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour). Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

**Application by FIIs (including FIIIs)**

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations participate in the Issue until the expiry of its registration with SEBI as an FII or sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. Accordingly, such FIIs can, subject to the payment of conversion fees under the SEBI FPI Regulations, participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the purchase of Equity Shares and total holding by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, 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 a 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 who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. Further, pursuant to a Circular dated November 24, 2014 issued by the SEBI, FPIs are permitted to issue offshore derivative instruments only to subscribers that (i) meet the eligibility criteria set forth in Regulation 4 of the SEBI FPI Regulations; and (ii) do not have opaque structures, as defined under the SEBI FPI Regulations. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. Further, where an investor has investments as FPI and also holds positions as an overseas direct investment subscriber, investment restrictions under the SEBI FPI Regulations shall apply on the aggregate of FPI investments and overseas direct investment positions held in the underlying Indian company.

#### **Applications by SEBI registered Venture Capital Funds, Alternative Investment Fund (AIF) and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company or the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA Process.

#### **Applications by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (“**IRDA Investment Regulations**”), as amended, as amended, are broadly set forth below:

- 1) Equity shares of a company: the least of 10.00% of the investee company’s subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- 2) The entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) The industry sector in which the investee company belongs to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **Applications under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b). With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- I. With respect to applications made by provident funds with minimum corpus of ₹25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

***Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars and mailing of the Allotment Advice / CANs / letters***

***notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.***

***The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.***

#### **Applications by Provident Funds / Pension Funds**

In case of Applications made by provident funds with minimum corpus of ₹25 crores (subject to applicable law) and pension funds with minimum corpus of ₹ 25 crores, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

#### **Applications by Banking companies**

In case of Applications made by banking companies registered with RBI, certified copies of:

- The certificate of registration issued by RBI, and
- (ii) The approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason therefore.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the “**Banking Regulation Act**”), and Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

#### **Applications by Self Certified Syndicate Banks (SCSBs)**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

#### **Information for the Applicants**

1. Our Company and the Lead Manager shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be filed with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
3. Copies of the Application Form along with Abridged Prospectus and copies of the Prospectus will be available with the Lead Manager, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Application Forms will also be available on the websites of the Stock Exchange.
4. Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office.

5. Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account or alternatively, the Retail Individual Applicants wishing to apply through UPI Channel, may provide the UPI ID and validate the blocking of the funds and the Application Forms that do not contain such details are liable to be rejected.
7. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSBs or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
8. Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
9. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange. Designated Intermediaries do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

#### **ISSUE PROCEDURE FOR APPLICATION SUPPORTED BY BLOCKED ACCOUNT (ASBA) APPLICANTS**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

#### **Method and Process of Applications**

1. Applicants are required to submit their applications during the Issue Period only through the Designated Intermediaries.
2. The Issue Period shall be for a minimum of three (3) Working Days and shall not exceed ten (10) Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding ten (10) Working Days.

3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Issue.
5. The Designated Intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

For the applications submitted by the investors to SCSB	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the Bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of the Issue.

6. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
7. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
8. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
9. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### Terms of payment

The entire Issue price of ₹ 50/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs or Sponsor Bank to unblock the excess amount paid on Application to the Applicants.

SCSBs or Sponsor Bank will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs or Sponsor Bank.



The applicants should note that the arrangement with Banker to the Issue or the Registrar or Sponsor Bank is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

#### **Payment mechanism for Applicants**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form sent by the Sponsor Bank. The SCSB or Sponsor Bank shall keep the Application Amount in the relevant bank account blocked until withdrawal/rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Applicant, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public offer may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

#### **Electronic Registration of Applications**

The Designated Intermediary may register the Applications using the on-line facilities of the Stock Exchange. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities on a regular basis before the closure of the issue.

On the Issue Closing Date, the Designated Intermediaries may upload the applications till such time as may be permitted by the Stock Exchange.

- Only Applications that are uploaded on the Stock Exchange Platform are considered for allocation/Allotment. In the Phase 1, the Designated Intermediaries are given till 1:00 pm on the day following the Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Issue Period after which the Stock Exchange send the bid information to the Registrar to the Issue for further processing.

#### **Other Instructions**

##### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1<sup>st</sup> line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

#### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

#### **Allocation of Equity shares**

1) The Issue is being made through the Fixed Price Process wherein 2,16,000 Equity Shares shall be reserved for Market Maker. 20,42,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share aggregating ₹1021.00 lakhs will be available for allocation to Retail Individual Investors. 20,42,000 Equity Shares having face value of ₹10.00 each at a price of ₹50 per Equity Share aggregating ₹1021.00 lakhs will be available for allocation to other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.

2) Under- subscription if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.

3) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

4) In terms of SEBI Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.

5) Allotment status details shall be available on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement**

Vide an Underwriting Agreement dated September 15, 2021 this issue is 100% Underwritten.

#### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the ROC in terms of 26 of the Companies Act, 2013.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after filing the Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation.

### **Issuance of Allotment Advice**

- 1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.
- 2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Applicants are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the issue. The Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.
- 3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful applicants Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

### **Designated Date**

On the Designated Date, the Registrar to the Offer shall instruct the SCSBs or Sponsor Bank to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Applicant shall use only his / her own bank account or only his / her own bank account linked UPI ID to make an application.
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details are updated, true and correct in all respects;
- 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.
- Ensure that you have funds equal to the Application Amount in the ASBA account or UPI ID linked Bank Account maintained with the SCSB before submitting the Application Form under the ASBA process the SCSBs where the Applicant has a bank account or a UPI ID linked Bank Account, the Registered Broker (at the Broker Centre's), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- Instruct your respective Banks to release the funds blocked in the ASBA Account/UPI ID linked Bank Account under the ASBA process;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account number in the Application Form and in case of Retail Individual Applicants applying through UPI Channel, ensure that you have mentioned the correct UPI ID;
- Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have requested for and receive a TRS;
- Ensure that you request for and receive a stamped acknowledgement of the Application Form for all your application options;
- Ensure that you have correctly signed the authorization/ undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA

Account/ UPI ID linked Bank Account, as the case may be, equivalent to the Application Amount mentioned in the Application Form;

- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply for a price different from the price mentioned herein or in the Application Form;
- Do not use third party bank account or third party UPI ID linked Bank Account for making the Application;
- Do not apply on another Application Form after you have submitted an application to the Designated Intermediary;
- Do not pay the Application Price in cash, cheque, by money order or by postal order or by stock invest;
- Do not send Application Forms by post, instead submit the Designated Intermediary only;
- Do not submit the Application Forms to any non-SCSB bank or our Company
- Do not apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
- Do not apply for an Application Amount exceeding Rs.2,00,000 (for applications by Retail Individual Applicants);
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant; and
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.
- The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer.

**Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021**

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

**Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchange, along with the Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. The allotment of Equity Shares to applicants other than to the Retail Individual Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

**Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Applications made using a third party bank account or using third party UPI ID linked bank account are liable to be rejected. Application Forms should bear the stamp of the Designated Intermediaries. ASBA Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker (broker) network of Stock Exchange, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the website of NSE i.e. [www.nseindia.com](http://www.nseindia.com). With a view to broad base the reach of Investors by substantial), enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect front January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the website of NSE i.e. [www.nseindia.com](http://www.nseindia.com)

For details of instruction in relation to the Application Form, Applicants may refer to the relevant section of GID.

#### **Applicant's Depository Account and Bank Details**

Please note that, providing bank account details, PAN Nos, UPI ID (if applicable), Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain front the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

#### **Submission of Application Form**

All Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

#### **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

#### **Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at EMERGE Platform of NSE where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- Allotment shall be made within three (3) days of the Issue Closing Date;
- Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Issue Closing Date, would be ensured; and
- If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

#### **Impersonation**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“Any person who—*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- I 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 of Companies Act, 2013 and shall be treated as Fraud.”*

#### **Mode of Refunds**

- **In case of ASBA Applicants:** Within 6 (six) Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application, for any excess amount blocked on Application, for any ASBA application withdrawn, rejected or unsuccessful or in the event of withdrawal or failure of the Offer
- In the case of Applications from Eligible NRIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/ or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Company may not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.
- In case of Other Investors: Within six Working Days of the Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Investors. In case of Investors, the Registrar to the Offer may obtain from the depositories, the Bidders’ bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Investors in their Investor Application Forms for refunds. Accordingly, Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Investors’ sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, may be liable to compensate the Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

#### **Mode of making refunds for Applicants other than ASBA Applicants**

The payment of refund, if any, may be done through various modes as mentioned below:

- NECS – Payment of refund may be done through NECS for Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder as obtained from the Depository;
- NEFT – Payment of refund may be undertaken through NEFT wherever the branch of the Bidders’ bank is NEFT enabled and has been assigned the Indian Financial System Code (“IFSC”), which can be linked to the MICR of that

particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

- o Direct Credit – Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(iv) RTGS – Applicants having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS. The IFSC code shall be obtained from the demographic details. Investors should note that on the basis of PAN of the bidder, DP ID and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders account details, IFSC code, MICR code and occupation (hereinafter referred to as “Demographic Details”). The bank account details for would be used giving refunds. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at their sole risk and neither the Lead Manager nor the Registrar to the Issue or the Escrow Collection Bank nor the Company shall have any responsibility and undertake any liability for the same;

(v) Please note that refunds, on account of our Company not receiving the minimum subscription, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders may refer to Prospectus.

#### **INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer shall make the Allotment within the period prescribed by SEBI. The Issuer shall pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within such times as maybe specified by SEBI.

#### **Undertakings by our Company**

We undertakes as follows:

- 1) That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within the period prescribed by the Board;
- 3) That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
- 4) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That no further Issue of Equity Shares shall be made till the Equity Shares issued through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
- 6) That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment;

- 7) That if our Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 8) If our Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Offer;

#### **UTILIZATION OF THE ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Offer Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India (“Industrial Policy”) and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment under the FDI Policy and FEMA.

The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as Department of Industrial Policy and Promotion) (“DPIIT”), issued the Consolidated FDI Policy Circular of 2020 (“FDI Policy”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

In terms of Press Note 3 (2020 Series) dated April 17, 2020 issued by the DPIIT, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Issue Period.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### Investment conditions/restrictions for overseas entities

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Schedule 1, 2, 3, 6, 7, 8, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign

investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

#### **Investment by FPIs under Portfolio Investment Scheme (PIS)**

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

#### **Investment by NRI or OCI on repatriation basis:**

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as “Capital Instruments”) of a listed Indian company on a recognised stock exchange in India by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017.

The total holding by any individual NRI or OCI shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

#### **Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non- repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur. Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Draft Prospectus.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.*

<b>Manner of Application of Table F</b>	
Subject to anything to the contrary hereinafter provided and unless the context requires otherwise, the Regulations contained in Table 'F' in the first Schedule to the Companies Act, 2013 (hereinafter referred to as Table 'F') shall apply to the company.	
	<b>INTERPRETATION CLAUSE</b>
I.	<p>1) (a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and any previous Company Law, so far as may be applicable.</p> <p>(b) "Articles" means these Articles of Association of the Company or as altered from time to time.</p> <p>(c) "Associate Company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.</p> <p>Explanation.— For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement;</p> <p>(d) "Board of Directors" or "Board", means the collective body of the directors of the Company and shall include a Committee thereof.</p> <p>(e) "Company" means PRECISION METALIKS LIMITED.</p> <p>(f) "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.</p> <p>(g) "Depositories Act" means the Depositories Act, 1996, or any statutory modification or re-enactment thereof, for the time being in force.</p> <p>(h) "Depository" means a depository as defined under Section 2(1)(e) of the Depositories Act.</p> <p>(i) "Director" means a member of the Board appointed in accordance with these Articles, including any additional and/or alternate director.</p> <p>(j) "Debenture" includes Debenture stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the Company or not.</p> <p>(k) "Document" includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.</p> <p>(l) "General Meeting" means a general meeting of the Shareholders of the Company, whether an annual general meeting or an extraordinary general meeting.</p>

	<p>(m)““Independent Director” means a person as defined in Section 149 of the Companies Act, 2013 and/or Listing Agreement entered into with the Stock Exchange including any statutory modifications or re-enactments thereto.</p> <p>(n) “Key Managerial Personnel” means the Chief Executive officer or the CEO &amp; Whole Time Director or the manager; the company secretary; whole-time director; Chief Financial Officer; and such other officer as may be notified from time to time in the Rules.</p> <p>(o) “Ordinary &amp; Special Resolution” shall have the meanings assigned to these terms by Section 114 of the Act.</p> <p>(p) “Promoter” means a person—</p> <p>(a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in Section 92; or</p> <p>(b) who has control over the affairs of the Company, directly or indirectly whether as a shareholder, director or otherwise; or</p> <p>(c) in accordance with whose advice, directions or instructions the Board of Directors of the Company is accustomed to act:</p> <p>Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity;</p> <p>(q) “Rules” means the applicable rules for the time being in force as prescribed under relevant Sections of the Act.</p> <p>(r) “Seal” means the Common Seal of the Company.</p> <p>(s) “SEBI” shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.</p> <p>(t) “SEBI Listing Regulations” shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, any statutory amendment thereto and any listing agreement entered into by the Company with the Stock Exchanges</p> <p>(u) “Secretary” is a Key Managerial Person appointed by the Directors to perform any of the duties of a Company Secretary.</p> <p>(v) “The office” means the Registered Office for the time being of the Company.</p> <p>Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.</p> <p>Reference in these articles to any provision of the Act shall, where the context so admits, be construed as a reference by any statute for the time being in force.</p> <p>Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Act or Rules, or any statutory modification thereof in force at the date at which these Articles become binding on the Company.</p>
	<b>SHARE CAPITAL AND VARIATION OF RIGHTS</b>

II.	1.	<p>Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.</p> <p>Further provided that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.</p>
	2.	<p>(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-</p> <p>(a) One certificate for all his shares without payment of any charges; or</p> <p>(b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.</p> <p>(ii) The Company agrees to issue certificate within fifteen days of the date of lodgment of transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgment for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading autographically signed by a responsible official of the Company and bearing an endorsement that the transfer has been duly approved by the Directors or that no such approval is necessary;</p> <p>(iii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.</p> <p>(iv) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders</p>
	3.	<p>(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.</p> <p>(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.</p>
	4.	<p>Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided)</p>

	any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
5.	<p>(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.</p> <p>(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.</p> <p>(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.</p>
6.	<p>(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.</p> <p>(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.</p>
7.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari -passu therewith.
8.	Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
8A.	<p>(i) Where at any time Company having Share Capital proposes to increase its subscribed capital by the issue of further Shares, such shares shall be offered:</p> <p>a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions specified in the relevant provisions of Section 62 of the Act.</p> <p>b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such other conditions as may be prescribed under the relevant rules of Section 62.</p>

	<p>c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the relevant rules of Section 62.</p> <p>(ii) The notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.</p> <p>(iii) Nothing in this Article shall apply to the increase of the subscribed capital of company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company:</p> <p>Provided that the terms of issue of such debentures or loan containing such an option have been approved, before the issue of such debentures or the raising of loan, by a special resolution passed by the company in general meeting.</p>
8B.	<p><b>DEMATERIALIZATION OF SHARES</b></p> <p>(i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its shares, debentures and other securities and to offer any shares, debentures or other securities proposed to be issued by it for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members/ Debenture holders/ other security holders with the details of members/debenture holders/ other securities both in materialized and dematerialized form in any medium as permitted by the Act.</p> <p>(ii) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities in electronic form with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee as the Beneficial Owner of the Security.</p> <p>(iii) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares, debentures and other securities in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus on shares, interest/premium on debentures and other securities and repayment thereof or for service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by the Court of competent jurisdiction or as by law required and except as aforesaid) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such shares, debentures or other securities as the case may be, on the part of any other person whether or not it shall have express or implied notice thereof.</p> <p>(iv) In the case of transfer of shares, debentures or other securities where the Company has not issued any certificates and where such shares, debentures or other securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply.</p>



	<p>Provided that in respect of the shares and securities held by the depository on behalf of a beneficial owner, provisions of Section 9 of the Depositories Act shall apply so far as applicable.</p> <p>(v) Every Depository shall furnish to the Company, information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws of the Depository and the Company in that behalf.</p> <p>(vi) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in electronic form so far as they apply to shares in physical form subject however to the provisions of the Depositories Act.</p> <p><b>SHARE WARRANTS</b></p> <p>Subject to the provisions of the Act, the Company may issue with respect to any fully paid shares, a warrant stating that the bearer of the warrants is entitled to the shares specified therein and may provide coupons or otherwise, for payment of future dividends on the shares specified in the warrants and may provide conditions for registering membership. Subject to the provisions of the Act, the Company may from time to time issue warrants naked or otherwise or issue coupons or other instruments and any combination of equity shares, debentures, preference shares or any other instruments to such class of persons as the Board of Directors may deem fit with a right attached to the holder of such warrants or coupons or other instruments to subscribe to the equity shares or other instruments within such time and at such price as the Board of Directors may decide as per the rules applicable from time to time.</p>
	<b>LIEN</b>
9.	<p>(i) The company shall have a first and paramount lien-</p> <p>a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and</p> <p>b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:</p> <p>Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.</p> <p>Every fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at fixed time in respect of such shares;</p>

	(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
10.	<p>The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:</p> <p>Provided that no sale shall be made-</p> <p>(a) unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) until the expiration of fourteen days after a notice in writing stating and Demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.</p>
11.	<p>(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.</p> <p>(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.</p> <p>(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>
12.	<p>(i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.</p> <p>(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.</p>

	<b>CALLS ON SHARES</b>
13.	<p>(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:</p> <p>Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.</p> <p>(ii) Each member shall, subject to receiving at least fourteen days notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.</p> <p>(iii) A call may be revoked or postponed at the discretion of the Board.</p>
14.	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
15.	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16.	<p>(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.</p> <p>(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.</p>
17.	<p>(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.</p> <p>(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>
18.	<p>The Board-</p> <p>(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and</p> <p>(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general</p>

	meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
	<b>TRANSFER OF SHARES</b>
19.	<p>(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.</p> <p>(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.</p>
20.	<p>The Board may, subject to the right of appeal conferred by section 58 decline to register-</p> <p>(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</p> <p>(b) any transfer of shares on which the company has a lien.</p> <p>(c) Provided however that the Company will not decline to register or acknowledge any transfer of shares on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.</p> <p>(d) The common form of transfer shall be used by the Company.</p>
21.	<p>The Board may decline to recognize any instrument of transfer unless-</p> <p>(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;</p> <p>(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and</p> <p>(c) The instrument of transfer is in respect of only one class of shares.</p>
22.	<p>On giving not less than seven days previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:</p> <p>Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.</p>

	<b>TRANSMISSION OF SHARES</b>
23.	<p>(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.</p> <p>(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>
24.	<p>(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-</p> <p style="padding-left: 40px;">(a) to be registered himself as holder of the share; or</p> <p style="padding-left: 40px;">(b) to make such transfer of the share as the deceased or insolvent member could have made.</p> <p>(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.</p>
25.	<p>(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.</p> <p>(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.</p> <p>(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</p>
26.	<p>A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:</p> <p>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.</p>
	<b>FORFEITURE OF SHARES</b>

27.	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
28.	<p>The notice aforesaid shall-</p> <p>(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and</p> <p>(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.</p>
29.	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
30.	<p>(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</p> <p>(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.</p>
31.	<p>(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.</p> <p>(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.</p>
32.	<p>(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;</p> <p>(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;</p> <p>(iii) The transferee shall thereupon be registered as the holder of the share; and</p> <p>(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.</p>

33.	The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
	<b>ALTERATION OF CAPITAL</b>
34.	The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
35.	<p>Subject to the provisions of section 61, the company may, by ordinary resolution,-</p> <ul style="list-style-type: none"> <li>(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;</li> <li>(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;</li> <li>(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</li> </ul>
36.	<p>Where shares are converted into stock,-</p> <ul style="list-style-type: none"> <li>(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:</li> </ul> <p style="padding-left: 40px;">Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.</p> <ul style="list-style-type: none"> <li>(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.</li> <li>(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.</li> </ul>

37.	<p>The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,-</p> <p>(a) its share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any share premium account.</p>
	<p><b>CAPITALISATION OF PROFITS</b></p>
38.	<p>(i) The company in general meeting may, upon the recommendation of the Board, resolve-</p> <p>(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards-</p> <p>(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;</p> <p>(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);</p> <p>(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;</p> <p>(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.</p>
39.	<p>(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall-</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(ii) The Board shall have power-</p>



	<p>(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;</p> <p>(iii) Any agreement made under such authority shall be effective and binding on such members.</p> <p>(iv) Capital paid-up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profits.</p>
	<b>BUY-BACK OF SHARES</b>
40.	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
	<b>GENERAL MEETINGS</b>
41.	All general meetings other than Annual General Meeting shall be called Extraordinary General Meeting.
42.	<p>i) The Board may, whenever it thinks fit, call an extraordinary general meeting.</p> <p>ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.</p> <p style="text-align: center;"><b>NOTICE OF GENERAL MEETINGS</b></p> <p>a. <b>Number of days' notice of General Meeting to be given :</b> A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served. However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.</p> <p style="text-align: center;">The notice of every meeting shall be given to :</p> <p>(I) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,</p> <p>(II) Auditor or Auditors of the Company, and</p> <p>(III) All Directors.</p>

	<p>The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.</p> <p>b. <b>Notice of meeting to specify place, etc., and to contain statement of business :</b> Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.</p> <p>c. <b>Contents and manner of service of notice and Persons on whom it is to be served :</b> Every notice may be served by the Company on any Shareholder thereof either in writing or through electronic mode as prescribed in the Act and relevant Rules thereunder personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.</p> <p>d. <b>Special Business :</b> Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special. In case of an Annual General Meeting of the Company, all business to be transacted thereat shall be deemed to be special with the exception of the business specified in Section 102 of the Act.</p> <p>e. <b>Resolution requiring Special Notice :</b> With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.</p> <p>f. <b>Notice of Adjourned Meeting when necessary :</b> When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.</p> <p>g. <b>Notice when not necessary :</b> Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p> <p>h. The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.</p>
	<b>PROCEEDINGS AT GENERAL MEETINGS</b>
43.	<p>(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.</p> <p>(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.</p>

	<p style="text-align: center;"><b>Participation through video conferencing</b></p> <p>Notwithstanding anything contrary contained in the Articles of Association, the Company may provide video conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings or other Meetings of the Company. Such participation by the Shareholders at General Meetings or other Meetings of the Company through video conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.</p>
44.	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
45.	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
46.	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
	<p style="text-align: center;"><b>ADJOURNMENT OF MEETING</b></p>
47.	<p>(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>
	<p style="text-align: center;"><b>VOTING RIGHTS</b></p>
48.	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares,-</p> <p>(a) on a show of hands, every member present in person shall have one vote; and</p> <p>(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.</p>

49.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
50.	<p>(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.</p> <p>(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>
51.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
52.	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
53.	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
54.	<p>(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.</p> <p>(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.</p>

	<b>PROXY</b>
55.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
56.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
57.	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
	<b>BOARD OF DIRECTORS</b>
58.	<p>The name of First Directors of the Company are:-</p> <p><b>1. SRI PADMANAYAN CHIRALA</b></p> <p><b>2. BHUDDHARAJU SATYANARAYANA RAJU</b></p> <p><b>3. HEMACHANDRAN MATHUMMAL MOORKOTH</b></p>
59.	<p>(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.</p> <p>(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-</p> <p>(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or</p> <p>(b) in connection with the business of the company.</p>
60.	The Board may pay all expenses incurred in getting up and registering the company.

61.	The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
62.	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
63.	Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
64.	<p>(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.</p> <p>(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.</p> <p>(iii) Subject to the Provisions of Section 149, the Board shall have power at any time, and from time to time, to appoint any person not being a person holding any alternative directorship for any other director in the Company as an Alternative Director for a Director during his absence for a period of not less than three months.</p> <p>(iv) The Alternative Director shall not hold office for a period longer than that permissible to the Director in whose place he has been appointed and shall vacate the office if and when the Director in whose place he has been appointed, returns to India.</p> <p>(v) Independent Directors: The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed SEBI Listing Regulations</p> <p>(vi) Nominee Directors: The Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any Law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government Company</p> <p><b>65. RETIREMENT OF DIRECTORS BY ROTATION</b></p> <p>a. At every Annual General Meeting of the Company, one third of such of the Directors as are liable to retire by rotation in accordance with section 152 of the Act (excluding Independent</p>

	<p>Directors), or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re- election.</p> <p>b. The Directors to retire by rotation shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.</p> <p><b>66. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP</b></p> <p>a. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.</p> <p>b. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless :</p> <p>(I) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;</p> <p>(II) retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;</p> <p>(III) he is not qualified or is disqualified for appointment;</p> <p>(IV) a resolution whether Special or Ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act; or</p> <p>(V) Section 162 of the Act is applicable to the case.</p>
	<b>PROCEEDINGS OF THE BOARD</b>
65.	<p>(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.</p> <p>(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p> <p>(iii) At least 4 (four) Board Meetings shall be held in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings.</p> <p>(iv) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed under the Act, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014</p>

	<p>shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.</p> <p>(v) The Secretary, as directed by a Director, or any other Director shall, as and when directed by the Chairman or a Director convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.</p> <p>(vi) The Board may meet either at the Office of the Company, or at any other location in India or outside India, as the Chairman may determine.</p> <p>(vii) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any urgent matters as directed by the Chairman or the CEO &amp; Whole Time Director or the Executive Director, as the case may be.</p> <p>(viii) . At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.</p> <p style="text-align: center;"><b>QUORUM FOR THE BOARD MEETING</b></p> <p>(i) Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be one-third of its total strength or two directors, whichever is higher, and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum. Provided that where at any time the number of interested Directors exceeds or is equal to two- thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested present at the meeting being not less than two, shall be the quorum during such meeting.</p> <p>(ii) If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to such other time as may be fixed by the Chairman.</p>
66.	<p>(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.</p> <p>(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.</p>
67.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.



68.	<p>(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.</p> <p>(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.</p>
69.	<p>(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.</p> <p>(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.</p>
70.	<p>(i) A committee may elect a Chairperson of its meetings.</p> <p>(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>
71.	<p>(i) A committee may meet and adjourn as it thinks fit.</p> <p>(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>
72.	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
73.	<p>Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.</p> <p>Resolution by Circulation: Save in those cases where a resolution is required by Section 161(4), 179, 182, 184, 186, 188 and 203 of the Companies Act, 2013, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be duly called and constituted if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors or to all the members of the Committee of the Board as the case may be, then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or member of the Committee at their usual address whether in India and has been approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution. Provided that where not less than one third of the Directors of the Company for the time being require that resolution under circulation be decided by the Board at a meeting, the Chairman shall put the resolution to be decided at a meeting of the Board.</p>
	<b>CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER</b>

74.	<p>Subject to the provisions of the Act,-</p> <p>(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer</p>
75.	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
	<b>THE SEAL</b>
76.	<p>(i) The Board shall provide for the safe custody of the seal.</p> <p>(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.</p>
	<b>DIVIDENDS AND RESERVES</b>
77.	The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
78.	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
79.	<p>(i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.</p> <p>(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>
80.	(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

	<p>(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>
81.	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
82.	<p>(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>
83.	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
84.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
85.	<p>No dividend shall bear interest against the company.</p> <p>Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law</p>
	<b>ACCOUNTS</b>
86.	<p>(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.</p> <p style="text-align: center;"><b>BORROWING POWERS</b></p> <p>(i) Subject to Section 180 of the Companies Act, 2013, and Regulations made there under and Directions issued by the RBI the Directors may, from time to time, raise or borrow any sums of money for and on behalf of the Company from the member or other persons, companies or banks or they may themselves advance money to the Company on such interest as may be approved by the Directors.</p> <p>(ii) The Directors may, from time to time, secure the payment of such money in such manner and upon such terms and conditions in all respects as they deem fit and in particular by the issue of bonds or debentures or by pledge, mortgage, charge or any other security on all or any properties of the Company (both present and future) including its uncalled capital for the time being.</p>

	<p>Subject to as aforesaid, any bonds, debentures/stock or other securities issued by the Company shall be under the control of Directors who may issue them upon such terms and conditions in such manner and for such consideration as they shall consider to be for the benefit of the Company.</p> <p>iii) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage, charge or security over the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid for any loss in respect of such liability.</p>
	<b>WINDING UP</b>
87.	<p>Subject to the provisions of Chapter XX of the Act and rules made thereunder-</p> <p>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p> <p>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>
	<b>INDEMNITY</b>
88.	<p>Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.</p>

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at 9-19-43, Suryadev Apartments, Flat – 202, CBM Compound, Visakhapatnam – 530003, Andhra Pradesh, India, from 10.00 a.m. to 5.00 p.m. on working days from the date of the Draft Prospectus until the Issue Closing Date.

#### **Material Contracts**

1. Memorandum of Understanding dated September 15, 2021 between our Company and the Lead Manager.
2. Agreement between Bigshare Services Private Limited and our Company dated September 02, 2021 appointing them as the Registrar to the Issue.
3. Underwriting Agreement dated September 15, 2021 between our Company and Underwriters.
4. Market Making Agreement dated September 15, 2021 between our Company and Lead Manager.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated May 26, 2021.
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated May 04, 2021.
7. Banker to the Issue Agreement dated [●], 2021 between our Company, the Lead Manager, Banker to the Issue and Registrar to the Issue.

#### **Material Documents**

1. Certificate of Incorporation of our Company dated July 27, 2012 issued by the Registrar of Companies.
2. Certificate of Commencement of Business of our Company dated August 01, 2012 issued by the Registrar of Companies.
3. Certificate of Incorporation of our Company pursuant to conversion to private limited company dated March 18, 2016 issued by the Registrar of Companies.
4. Certificate of Incorporation of our Company consequent upon conversion to public limited company dated March 19, 2021 issued by the Registrar of Companies.
5. Certified true copy of the Memorandum and Articles of Association of our Company, as amended.
6. Copy of the resolution passed at the meeting of the Board of Directors held August 23, 2021 authorizing the Issue.
7. Special Resolution of the Shareholders passed at the Annual General Meeting dated September 02, 2021 authorizing the Issue.
8. Report of our Statutory Auditor, M/s. PPKG & Co., Chartered Accountants dated August 23, 2021, on the Restated Financial Statements included in this Draft Prospectus.
9. Statement of Tax Benefits report by our statutory auditors, M/s. PPKG & Co., Chartered Accountants, Chartered Accountants dated August 23, 2021.
10. Copies of annual reports of our Company for financial year 2019, 2020 and 2021.

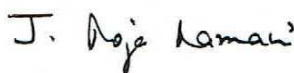

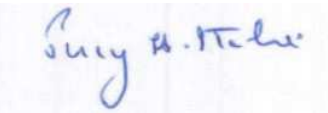
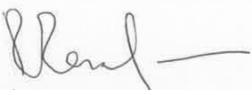
11. Copy of the resolution dated August 30, 2021 passed at the Board meeting of the Company for appointment of Jayanthi Roja Ramani as the Chairperson and resolution dated September 02, 2021 passed at the annual general meeting of the shareholders of our Company for the appointment of Mr. Sevvana Venkata Raman Rao as CEO & Whole Time Director of our Company.
12. Consents of Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor to the Issue, Banker to our Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Banker to the Issue, Sponsor Banker, Lender to our Company, to act in their respective capacities.
13. Due Diligence Certificate dated September 27, 2021 from the Lead Manager to NSE.
14. Due Diligence Certificate dated September 27, 2021 from the Lead Manager to SEBI.
15. Copy of approval from NSE *vide* letter dated [●] to use the name of NSE in this document for listing of Equity Shares on EMERGE Platform of NSE.

Any of the contracts or documents mentioned in the Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

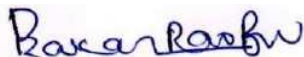
**DECLARATION**

We, hereby declare that all the relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013 the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements are true and correct.

**Signed by all the Directors of Precision Metaliks Limited**

<b>Name and designation</b>	<b>Signature</b>
<b>Jayanthi Ramani Roja</b> <i>Chairperson</i>	
<b>Sevvana Venkata Raman Rao</b> <i>Executive Director</i>	
<b>Percy Homi Italia</b> <i>Independent Director</i>	
<b>Revoor Ramachandra</b> <i>Independent Director</i>	

**Signed by the – Chief Financial Officer**



**Veera Venkata Prakash Rao Baniseti**

**Place:** Visakhapatnam

**Date:** September 27, 2021